Accountancy

ESTABLISHED 1889

ACCOUNTING · MANAGEMENT · FINANCE

A Courageous Gesture

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Automation and Electronics in the Office

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Income Tax Credits: Credit Traders and Hire Purchase

THE SOCIETY OF INCORPORATED ACCOUNTANTS

APRIL 1955 *TWO SHILLINGS*

The editorial and contributed articles and notes in ACCOUNTANCY cover a wide range of subjects and are selected for their general interest. The views expressed are not necessarily shared by the Council of the Society of Incorporated Accountants.

Accountancy

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Professional Notes

E.C.G.D. and Credit Creation

IT CAN SCARCELY be denied that, within the limits laid down by policy, the Export Credits Guarantee Department of the Board of Trade is a progressive and energetic body. There will always be arguments about whether the policy is sufficiently favourable to exporters, regard being had to what other countries do. The power to grant or withhold insurance must of course march shoulder to shoulder with other elements of financial and credit policy, and domestic policy has seldom been such as to give us so large a credit on oversea account that we can afford—even if it were considered to be sound finance to do so—to permit our oversea customers to take indefinite or very extended credit. It may be recalled, however, that the authorities have given permission for longer term credits for what could strictly be called capital equipment exports and, more recently, goods which fall more appropriately into the category of long-term consumption goods have been sold on credit terms considerably exceeding six months. Early last month Mr. A. R. W. Low, Minister of State, Board of Trade, went to Newcastle upon Tyne to open a new branch of the E.C.G.D. designed to serve the Three Rivers area, that of the Tyne, Wear and Tees. He took advantage of that event to announce the extension of their short term cover to take in this intermediate class of goods on terms which will in practice sanction the granting of credit for periods up to, but not beyond, a maximum of two years, although normally the period will be less. In fact, the mean period of credit is not expected to exceed one year.

The extended cover is designed to apply to engineering manufactures; and tractors, commercial vehicles, diesel

engines, light industrial machinery and electrical equipment are specifically mentioned. The extension will apply to both "whole turnover" and "selected markets" business and it will not be given for raw materials and normal consumption goods, spares and the like. It will normally be limited to 20 per cent. of the firm's average annual turnover of the past two years or of the business offered to the E.C.G.D. for insurance in a policy year, whichever is lower. While traders will doubtless find this restriction a disappointment, the extension of facilities seems to be considerable. With either the contract which covers the whole business of the firm in question or that which covers their business only with selected countries—leaving the firm to cover its risks in others itself—the E.C.G.D. should be able to offer lower premiums for this new extended cover in what are called durable or quasi-capital goods than if the exporter restricts his use of the Department to contracts for specific operations. The latter may however be covered in suitable circumstances.

With this new development that Department has also issued a new and attractively produced pamphlet, entitled *Payment Secured*, which gives a brief account of its activities.

There is very little doubt that any intensive drive to raise our export total will bring with it the need for some people to take some new risks. In addition, it is to be hoped that new firms will venture into the export market. Further, it is by no means certain that the knowledge of what is available is as widely spread as it should be. This new booklet should be a useful means of introducing the subject and provide a ready check on the main lines of what can be effected by this financial instrument.

Cheque Endorsement

IN VIEW OF the considerable difference of opinion on points of some importance to the various interests concerned, it is perhaps not surprising that Mr. R. Graham Page's Bill to do away with the need for the endorsement of cheques paid into the payee's account did not secure a second reading. Instead, the Chancellor of the Exchequer has appointed a small committee under the chairmanship of Mr. A. A. Mocatta, Q.C., to look into the whole matter. This means a postponement; but if, as seems to be the case, the differences of opinion are not on matters of principle but on the best means of achieving an end which is generally regarded as desirable, an investigation of this sort should improve the Bill and need not greatly delay its enactment. As is shown by the reservations made by the Council of the Society of Incorporated Accountants in expressing its general approval of the proposal (see pages 100–1 of our March issue), Mr. Graham Page's draft Bill did not always seem exactly to hit the target at which it was aimed. And the Chancellor of the Exchequer may well have something to say on the matter of stamp duties.

Stamp-Martin Scholarships

THE COUNCIL OF the Society of Incorporated Accountants announces that applications for the award of the second Stamp-Martin Scholarship will be considered in July, 1955.

The purpose of these scholarships is to enable members of the Society, and those who intend to enter the accountancy profession as members of the Society, to undertake a full-time course of university study. The amount of each scholarship will be £100 per annum for a period not exceeding three years, and the number of scholarships current in any one year will be limited to three. The Society reserves the right to withhold awards if suitable applications are not received.

The scholarship will normally be tenable at any University or University College in Great Britain and Northern Ireland.

The various categories within which applications will be considered include the following:

(*a*) Accountancy students who have obtained honours or passed well in the Society's Intermediate examination, and who satisfy the regulations for university entrance.

(*b*) Incorporated Accountants who wish to take a university degree.

(*c*) Those leaving school with a good certificate of general education, who declare their intention to qualify as Incorporated Accountants and to take a university degree. Applicants in this category should give evidence of attaining a standard of education sufficient to secure admittance to a university, preferably supported by a letter of recommendation from their headmaster.

(*d*) University graduates wishing to take a second degree in a subject concerned with accountancy and who declare their intention to qualify as Incorporated Accountants.

In all cases applications will require a recommendation from the head of an appropriate University Department, and later from the Stamp-Martin Professor of Accounting.

Proposed holders of scholarships will be required to take a university course approved by the Society.

Applications should be sent to the Secretary, The Society of Incorporated Accountants, Temple Place, Victoria Embankment, London, W.C.2, not later than June 30, 1955.

"Automation"

A NEW WORD, "automation," is beginning to enter the public vocabulary. Principally it seems to signify the application of electronic techniques to the automatic performance and control of clerical and productive processes. Wherever there is a routine of repeated human functions or wherever operations involve, first judgment, and then adjustment of production means, there is theoretically scope for automatic control and operation. There is nothing new in this. The governor on a steam engine, the thermostat in a refrigerator and countless other old and well tried mechanisms are forms of "automation." What is new is the rapid intrusion of electronic devices into this field of organisation. Until recently few, if any, of the means available for linking and controlling mechanisms and processes presented any problems of appreciation, organisation and cost which management was not, generally, able to understand and assess. The new devices and tech-

niques becoming available so rapidly now, however, are in themselves such complex and self-contained fields of technology that they need a certain amount of expert knowledge in the particular field, before they can be understood and correctly evaluated.

During the later stages of the war, when radar became very selective and accurate, it was necessary to have a less accurate, older type of set controlling several of the newer sets to scan a wide field and act as a "putter on." It seems that management is beginning to need a "putter on," and that, in fact, the situation already demands something new in organisation, rather like the Army's G.S.O. (weapons). Some one who knows the whole range of the devices available and who, without himself becoming an expert in any particular one, knows sufficient of what each can do, its strengths and weaknesses, and the economics of its installation and operation, is needed to advise management which particular expert and technique to call into consultation. Many articles are written on application of new devices to office routines either by scientists whose experience has been exclusively with electronic digital computers, or by business men (or journalists) who are so glamourised by a casual acquaintance with digital computers that they recommend a sledge hammer to crack a nut.

In the absence of any general staff officer to advise those interested in the application of electronics to the office, we present in this issue (pages 132–4) an article in which a contributor attempts to plot one of the courses which development of electronic aids appears to be taking, and to give some guidance to those contemplating their use.

The Glasgow Centenary

HISTORIC CIRCUMSTANCES AND continuity have been skilfully woven into the fabric of the unified Institute of Chartered Accountants of Scotland; and, appropriately, the centenary celebrations of 1954 (dating from the Edinburgh Society in 1854) were projected into 1955 to mark the incorporation by Royal Charter in 1855 of the Institute of Accountants and Actuaries in Glasgow.

With Sir John Somerville, C.A., F.R.S.E., as President (accompanied by Lady Somerville) and Sir Ian Bolton, Bart., O.B.E., C.A., as Vice-President (accompanied by his sister, Mrs. F. M. Campbell), the celebrations took place in Glasgow on March 14 and 15 and comprised Thanksgiving in the Cathedral Church, a civic reception by the Lord Provost, a reception in the Institute's Hall in Glasgow, and a centenary banquet, at which the principal guest was The Right Hon. Lord Clyde, Lord Justice-General of Scotland.

In offering felicitations to the Glasgow members of the Scottish Institute, we acknowledge an interesting booklet on *The Origin and Early History of the former Institute of Accountants and Actuaries in Glasgow, 1855*. The booklet traces the beginning of accountancy as a profession in Glasgow from the late years of the eighteenth century, and identifies Walter Ewing Maclae, of Cathkin, who began life as a merchant, as the first man to devote his whole time to accountancy practice; and two firms now practising in Glasgow as having been founded at that time. With unpremeditated humour, it is said of Walter Maclae that he "was highly esteemed by his fellow citizens, and his services as a trustee in bankruptcy were much in demand."

A letter of September 30, 1853, from twenty-seven junior accountants in practice to fifteen senior accountants, requested the formation of a Society of Accountants for Glasgow, and led to negotiations which culminated in a Royal Charter in 1855. In 1856, the abbreviation C.A. as connoting Chartered Accountant was adopted. Gradually flexibility was introduced into what was originally a somewhat rigid framework, examinations were established, and, later, a Hall was acquired and valuable tutorial classes were started. Joint arrangements with the Edinburgh and Aberdeen Societies for examinations and consultations on policy brought nearer the possibility of amalgamation, which was finally consummated in 1951, notwithstanding strongly held and independent traditions.

An apt reference to Edinburgh as the capital city of Scotland, the seat of the Law Courts and of the head offices of Banks, and to Glasgow as the city of Adam Smith and of James Watt, the commercial centre, a great port and the home of important industries, indicates the influences from which are derived in substantial measure the distinctive contributions of the Glasgow Institute to the accountancy profession in Glasgow and in a wider field.

Among many to whom tribute is due are Mr. D. Norman Sloan, Secretary of the Glasgow Institute from 1909 (when he succeeded his father in that office) to 1940; and Sir John Mann, whose regretted death recently recalls not only his valued services to the Glasgow Institute, but the friendship which he and Sir James Martin, Secretary for thirty-three years of the Society of Incorporated Accountants, mutually enjoyed.

Hire Purchase Control

THE IMPOSITION OF special controls on hire purchase finance has caused considerable comment, and is likely to cause more. Those who believe that the object of a rise in short money rates is to deter by the mere fact that money is dearer can justly argue that a rise of one point is not likely to deter buyers who, whether they know it or not, are content to pay rates of interest varying between 10 and 40 per cent. per annum for the accommodation and other costs, and not infrequently pay 20 per cent. The fact is that dear money unaccompanied by tight money has no very great effect, and that really tight money would soon influence the amount available even for this type of finance. It is quite impossible to do more than guess the total amount of money out on hire purchase contracts, since statistics are far from complete. It is also true that when very few need ever be out of employment retailers are likely to grant much more credit than would otherwise be the case, and to grant it without any formal contract which could be registered. It seems, however, that so far as

published figures are available hire purchase proper did not expand unduly after the controls were lifted. If there was any undue expansion it occurred before, and was the cause of the lifting of the controls. The new restrictions may prove to be more nearly watertight than those in force before the relaxations of last summer, but that has yet to be demonstrated. Some at least of those who have a long experience in this field believe that to make them effective will involve repressive actions which are in direct contrast to the policy of freedom to trade which has been a feature of the present Government's policy, and which some people believe to have made a substantial contribution to the growing prosperity of recent years.

Incorporated Accountants' Course at Cambridge, September, 1955

THE NEXT COURSE arranged by the Society of Incorporated Accountants will be held at King's College and Gonville and Caius College, Cambridge, from Thursday evening, September 22, to Tuesday morning, September 27, 1955.

Papers and addresses on the following subjects will be given:—

- The Changing Pattern of Audit Practice.
- Valuation of Stock and Work in Progress.
- Advising on Taxation.
- What are the defects in the Accountant's contribution to Management?
- Theories of Value.

There will be a Guest Night dinner on September 26. The inclusive fee for the course will be £9 9s.

Full details will be circulated to members shortly, and applications to attend the course should be sent to the Secretary of the Society at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2., not later than Tuesday, May 31.

Retirement Provisions for Self-Employed Persons

AS A result of consultations initiated by the Law Society between some twenty professional bodies, a deputation on their behalf was received by the Chancellor of the Exchequer on March 2. The deputation urged the importance of early legislation to give effect to the recommendations of the Millard Tucker Committee on the tax treatment of retirement provisions relating to self employed persons.

After the deputation had been introduced by Mr. F. H. Jessop (President of the Law Society) the case for the deputation was put by the Right Hon. Sir Hartley Shawcross, Q.C., M.P. (Chairman of the General Council of the Bar) and supported by Sir Edwin Herbert (Law Society) and by Sir Thomas Robson (Institute of Chartered Accountants in England and Wales) who also spoke on behalf of the Society and the other recognised accountancy bodies. The other members of the deputation were Mr. D. V. House (President of the Institute of Chartered Accountants in England and Wales) and Mr. John Senter, Q.C. (General Council of the Bar). The Chancellor of the Exchequer undertook to consider the representations made to him.

Business Efficiency Exhibition

THE FORTY-SECOND National Business Efficiency Exhibition will be held at Olympia, London, W.14, from June 6 to 16, 1955, the hours of opening being from 10 a.m. to 8 p.m. each day.

Members of the Society of Incorporated Accountants are invited to apply for tickets to Mr. C. Evan-Jones, Deputy Secretary of the Society, at Incorporated Accountants' Hall. Friday, June 10, will be a special day for visits by Incorporated Accountants.

The exhibition will be opened by the President of the Board of Trade, the Right Hon. Peter Thorneycroft, P.C., M.P. Products to be shown by the record number of 110 exhibitors will include the latest developments arising from recent research in electronics. But prominence will also be given to the savings which present-day business machines and equipment can effect in a small firm or a branch office.

The Office Appliance and Business Equipment Trades Association, by whom the exhibition is organised, hope that it will be not only of service to those in a position to make immediate purchases of machines, but also stimulating and informative to students and those who will be the future managers of business and industrial enterprises.

Forthcoming Censuses

IT HAS ALREADY been announced that the census for this year, to be taken in 1956, is to be a sample census similar to those of 1952 and 1953. Only ten per cent. of the firms are to be involved, and these have been notified in accordance with the recommendations of the Verdon Smith Report (Cmd. 9276), while new firms set up this year will be advised promptly if they are required to make a return. The Verdon Smith report suggested considerable simplifications designed to reduce the burden of the censuses of production and distribution on the business community, with special reference to the smaller firm. There are to be further censuses in respect of 1956 and 1957, to be taken in each case in the ensuing year, and a committee has now been set up under the chairmanship of Mr. J. Stafford, C.B., of the Board of Trade to consider what orders shall be made in respect of these operations in the light of the Verdon Smith report and of other matters. The committee consists of sixteen members, most of whom are direct representatives of industry and commerce, but they include also Professor R. G. D. Allen of the London School of Economics and Political Science, Professor F. Sewell Bray, F.C.A., F.S.A.A., Stamp-Martin Professor of Accounting, and Mr. H. C. Stanton of the Central Statistical Office. The Secretary of the Committee is Miss J. M. N. Milne, of the Statistics Division of the Board of Trade.

The Need for Statistics

IF THERE ARE any who have doubted that the taking of a regular census of production and distribution has come to stay, this announcement should make the position clear. It is admitted that the collection of the information is a costly business for industry, but it is certainly not the case that its sole utility is to inform the Government

Departments so that they shall be able to plan the control of industry. Nonetheless, the Verdon Smith Committee reported that "it is clear that the continuation of the censuses cannot be justified solely by the use at present made of them by business or the opinion generally held of the censuses as a factor in forming business decisions." The belief certainly exists that, while industry does the work of preparation, others reap the benefit. This, of course, should not be the case, for American business men find similar information about their own markets of great value. There is a case in all countries for tempering the wind to the very small fims, but this can be tackled by relieving them of much of the detail. The large firm ought in many cases to be able to extract valuable information from the census figures, as well as from other national statistics. This is obviously a very large subject, but something in the way of a case study has been provided in the current issue of the *District Bank Review* in an article prepared jointly by Mr. John Ryan, Vice-Chairman, and Mr. J. Liston, of the Metal Box Company. No doubt this company is from its nature particularly well placed to benefit from information on what exactly is being produced and where, but it is difficult to believe that there are not many others who could find information in the censuses which would prove a valuable basis for market research.

An Accurate Forecast

AS REPORTED ON page 156 of this issue, Mr. Bertram Nelson, President of the Society of Incorporated Accountants, speaking on the occasion of the dinner of the Hull and District Society, was able a week in advance of the event to make what was in two particulars—the raising of Bank Rate and the control of hire-purchase—an accurate forecast of the Chancellor's intentions. As to his third point, a reduction in Government expenditure, the evidence to date is of the most slender description and it can only be hoped that the President will prove an equally good prophet in this case. Meanwhile, the Chancellor's indication that internal demand was proving too great a competitor with exports is at least an acknowledgment that there is too much money chasing the goods that are available to be altogether healthy. Mr. Nelson had made it clear that he was in no doubt as to the existence of an inflationary trend: in this he was contradicted by Mr. Austen Hudson, M.P. for North Hull, who could see no evidence of the chasing of too few goods by too much money. Some will think that the evidence was fairly clear seeing that, despite increased output, prices of individual articles are on the whole rising. But if this is not thought to be the case perhaps Mr. Hudson would look, not at the final stage in the process, but at an earlier one, that of production. Here the factors involved—granted the requisite capital and organisation—are raw materials and labour. He will scarcely deny that with more vacancies than there are unemployed there is some evidence of too much money chasing too few employees—if not in Hull, in the country at large.

Stock Exchange House Journal

AFTER LENGTHY DELIBERATION, the Council of the London Stock Exchange decided at the end of February to issue a quarterly house journal under the title *The Stock Exchange*. The venture is to be made in co-operation with The Times Publishing Company, and the first issue is to appear in July. The primary purpose is to provide domestic information on social and technical matters of interest to the members of the Stock Exchange, to whom it will be distributed free. The journal will be completely divorced from anything to do with the sale of individual stocks or shares—in this it will differ from the magazine of the New York exchange—but it is hoped that it will serve to excite interest in the market and its functions. A number of complimentary copies will be circulated to officials of other stock exchanges and of professional bodies, and it is proposed that it shall be on sale to all interested. It seems that the decision has been announced before full plans have been completed, but the intention is to start in a modest way, both as to the extent of the journal and as to its circulation.

The Council are to be congratulated upon embarking on a new venture which will bring the Stock Exchange into line with many other bodies. It is easy to imagine that in addition to strictly domestic concerns the journal will include articles of a more general character which may well have an appeal to a wider public. That at least would be in accord with the policy of acquainting the public with the doings of the Exchange, which has been pursued steadily under the chairmanship of Sir John Braithwaite and of his predecessor, the late Sir Robert Pearson.

The Society's Annual Meeting

THE SOCIETY OF Incorporated Accountants will hold its seventieth annual general meeting on Tuesday, May 17, at 2.30 p.m., at Incorporated Accountants' Hall. The chair will be taken by the President, Mr. Bertram Nelson, who will also preside at an extraordinary general meeting of the Society which will follow the annual meeting.

The annual meeting of subscribers and donors to the Incorporated Accountants' Benevolent Fund will be held on the same afternoon at approximately 3.30 p.m., under the chairmanship of Sir Frederick Alban, C.B.E., President of the Fund.

Borrowing by Local Authorities

THE INCREASE TO 4½ per cent. in the Bank Rate on February 24 was closely followed by the announcement that the rates for loans to local authorities from the Public Works Loan Board would be raised with effect from March 1 as follows: loans for periods not exceeding five years, 3¾ per cent. (previously 2¼ per cent.); for periods exceeding five years but not exceeding fifteen years, 3¾ per cent. (previously 3¼ per cent.); and exceeding fifteen years, 4 per cent. (previously 3¾ per cent.). These changes are in accord with the expressed policy of the Government of fixing the rates in relation to the current rates of interest on Government securities of a similar character.

After agreement with the associations of local authorities, the Treasury announced by circular dated August 27, 1954, that the Board had been given discretion to waive the requirement that loans might be advanced only for the full period of the loan sanction (see ACCOUNTANCY, July, 1954, page 250). The concession was in the first instance limited to loans in respect of services for which either no Exchequer subvention was payable or any such subvention other than the Exchequer Equalisation Grant was not directly or indirectly related to loan charges; but on February 28, 1955, the Financial Secretary to the Treasury (Mr. Henry Brooke) announced in the House of Commons during the second reading of the Public Works Loans Bill that the Treasury had decided to remove all limitations from the concession.

Local authorities will welcome this ability to borrow from the Board for shorter periods than the full term of the loan sanction, and so take advantage of the lower range of interest rates for loans for periods of fifteen years or less. It is made clear, however, that only new loans qualify for the concessionary arrangements, which are not made applicable to reborrowings to repay or replace existing loans.

There is little doubt that most local authorities borrowing from the Board under the concession through consolidated loans funds or mortgage pools will continue to make the annual provision for the amortisation of the loan on the basis of the full period of the loan sanction in order to avoid a heavy increase in annual loan charges caused by a shortening of the period of repayment. The disadvantage of the continuing condition of yearly or half-yearly repayment of loans from the Board will be accentuated, the difference between the amounts of the annual amortisation and the repayments to the Board being of necessity reborrowed from other sources.

The rates for maturity mortgages for seven years and upwards have hardened in sympathy with market conditions, and a little money is, at the time of writing, available at 4 per cent. while ample funds are offered at 4¼ per cent. The rate charged by the Board for periods exceeding five but not exceeding fifteen years is 3¾ per cent. The value of the concession is brought into relief by this comparison.

Seminar on Efficiency Audits

A STAMP-MARTIN SEMINAR on *Efficiency Audits* will be held at Incorporated Accountants' Hall on Monday, April 18, at 6 p.m. It will be opened by Mr. S. F. Twena, B.COM., A.S.A.A., who is working as a research student with the Stamp-Martin Professor of Accounting.

The seminar is open to all interested in the subject, but it is requested that those who intend to be present will send advance intimation to Mr. T. W. South, Secretary of the Incorporated Accountants' Research Committee, at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2.

New Tax Reserve Certificates

THE ANNOUNCEMENT MADE on March 16 of yet another series of Tax Reserve Certificates, which have been in issue since March 21, came as a further reminder of the rise in interest rates. Exactly a month earlier the fifth series had been instituted, carrying interest tax free of 1¼ per cent. against the previous 1 per cent. The latest series, the sixth, carries 1½ per cent., all conditions being otherwise unchanged. At the date of the announcement there were some £380 million of these certificates outstanding, an increase of some £12 million on the year, while the total issue of the fifth series in three weeks was very modest and seemed to be falling to virtually nothing. It is, perhaps, scarcely necessary to say that while any reduction in direct taxes on income reduces the attraction of these certificates, the advantage of being certain of 1½ per cent. free of taxes for a period of two years on condition of paying these taxes that much in advance is considerable, especially to those with heavy sur-tax commitments.

Shorter Notes

Managing the Small Firm

The British Institute of Management announces that its third Small Firms' Conference, organised with the support of the Federation of British Industries and the National Union of Manufacturers, will take place at Harrogate on April 29 and 30.

The Conference has been designed to cover financial management, marketing, personnel and production, from the point of view of the directors and senior management of a small firm, who must to some extent be their own specialists.

The opening session on the Friday evening will be addressed by Mr. Roy Harrod, of Christ Church, Oxford, on "The Economic Outlook." At the closing dinner the principal speaker will be Mr. Osbert Peake, Minister of Pensions and National Insurance. One of the sectional meetings will be addressed by Mr. W. G. A. Russell, F.S.A.A., on "Making the Best Use of the Accountant."

The American Institute's 25,000 Members

The American Institute of Accountants has enrolled its twenty-five-thousandth member. The Institute was founded in 1887 and is the national society of Certified Public Accountants. The very rapid expansion during recent years of the accountancy profession in the United States is reflected in the fact that membership of the American Institute, after taking more than half a century to reach 5,400, has increased from that figure to 25,000 during the last fifteen years.

Office Mechanisation

The Office Management Association will hold a national conference at the Grand Hotel, Brighton, from May 19 to 22. The theme this year will be *Office Mechanisation*.

The first of the two aspects to be discussed will be *The Proper Use of Office Machinery*, including the question whether the mechanisation of office procedures has gone further than is justified.

The conference will then consider *The Scope for Electronic Computers in the Office*. Eleven manufacturers of electronic equipment will be represented. The Association suggests that interest in the subject should not be confined to large organisations: suggestions have been made for service bureaux to increase the numbers of potential users.

EDITORIAL

A Courageous Gesture

WE have been told several times since the Conservative Government came into office that the country has returned to an era of flexible money rates. One of the first actions of Mr. Butler as Chancellor was to raise Bank Rate, and it was a concomitant of his first Budget to raise it again in no uncertain manner. Further, he made the increased rate effective with the result that, in a matter of months, this and other elements of policy reversed the outflow of gold and saved the currency from the further devaluation which seemed to threaten it. Now, in circumstances which are widely different from those of 1951–52, he is faced with a similar need for drastic action to halt an excessive internal demand and his treatment seems to be following a similar pattern.

On the last Thursday in January he raised the rate by a half point, apparently in the hope that this would be taken as a sufficient hint that credit must be sharply reduced. But the sole effect of this, in the country at large, was to produce a temporary halt to the advance of Stock Exchange values. Incidentally, he must have applied considerable pressure but rather late. Experience has shown that, while bank advances expanded more than they did a year before, this was at the cost of selling gilt-edged securities, and it was later still that the money market was kept so short that it had to borrow from the Bank of England on four successive days. This action was followed immediately by a further rise in the official minimum, not by the "other half" as everybody had expected, but by a full point. At the same time the Chancellor enforced a moderate restriction of credit for hire purchase and let it be known that he was prepared to expend some gold and dollars in reducing the discount on transferable sterling, presumably to a point at which "commodity shunting" through this instrument became unprofitable. It is as well to be clear that, under circumstances in which every transfer of balances into sterling is accompanied by a corresponding sale of the sterling forward, the direct effect of such transfers on the rate of exchange is very limited. What is required is to create the impression abroad that the present level of the pound is to be defended even if it is politically uncomfortable to do so. If this can be done it will help the external balance for a short period while the internal effects of higher money rates are maturing.

But higher rates will have little effect unless they mean that credit is more scarce. Mr. Butler has made the courageous gesture of raising rates and discouraging the growth of hire purchase at a time when such action will certainly be unpopular, but will he have the persistence to enforce the restraint of credit without which internal demand is likely to remain excessive? It would be easier to answer this question if one knew the extent of the reduction required. There is no doubt already an excess of internal consumption, but this could easily increase if the terms of trade were to move further against us. Effective credit control at home will help to halt excessive importation of materials and so, perhaps, check the rise in prices—there is some evidence that this is already happening. But there are other buyers who may step in and force prices up whether we buy or not, and in that case we shall be at a disadvantage as exporters if we have to re-stock after the rise. It is by an increase in exports that we must hope to solve our problems, and that can only be achieved if we are prepared to consume a slightly smaller proportion of our growing output and produce an increased fraction in goods which our oversea customers want and at prices they will pay. There is little doubt that this will only be achieved by a moderate deflationary pressure, applied until the desired restraint is evident.

The amount of restraint, if evenly spread, is not likely to prove substantial, but it could well be extremely inconvenient politically if it were concentrated upon definite points. It is, at least in theory, one advantage of credit discipline that it applies to all who are seeking credit, but it is a known fact that the nationalised industries will not be affected by restriction—beyond the need to pay a higher rate—unless the Government so decree. Equally, it is quite uncertain what will happen to the Government's own expenditure in 1955–56. So far there is one hint, in the raising of rates against local authority borrowing through the Public Works Loan Board and the absence—so far at least—of any compensating rise in rates of subsidy. The great question is whether the new flexible credit policy is really to be tried out or whether, if our difficulties are not cured very much more readily than seems at all probable, the Conservative Government will either revert to a policy of physical controls—as they have done in part in the case of hire purchase—or retreat as soon as there is any appreciable cut in the consumption of the people or any appreciable rise in the total of unemployed. Mr. Butler will need the support of the whole Cabinet if he is to carry his policy through to a successful issue.

There is no doubt whatever that his policy is right, if a little tardy. Taken last November, when it already looked as though the overseas balance was in considerable danger, it might have avoided much that may mean a more protracted period of restraint than would otherwise have been necessary. But the amount of change required is not great and although there is, formally, no slack in the system, there is little doubt that a modest increase in total production, beyond what is implicit in better equipment, and some change in its direction could be effected without any great effort and that this would avoid the necessity for any appreciable decline in living standards. At present it looks as though the necessary pressure is to be applied, at least to the private sector.

Automation and Electronics in the Office

By A. E. DAVIES

ANY ATTEMPT TO keep up to date with developments in the field of electronic equipment for office processes is not only strenuous but extremely confusing, as many people have discovered when they have attempted to study current literature on the subject—more especially some of the ambitious comprehensive surveys that have recently been attempted. Not only is rapid progress taking place in the development of machines and devices, but a theory, almost a philosophy, of their employment is beginning to emerge.

In a previous article* it was suggested that two theories of application were beginning to appear: one, that of the comprehensive computer type machine which in one massive electronic apparatus can perform complete clerical routines, and the other, the concept of a related group of small functional machines (one function one machine), controlled from original documents, each appropriate to different sets of circumstances.

The interest which that article aroused makes it clear that a large part of the commercial community, including certainly all who are concerned with processing the data arising from a vast quantity of original documents and preparing further original documents, is much more interested in development of flexible groups of related but independent electronically controlled automatic machines, each built on a functional basis, than in comprehensive machines of the computer type. It is to them that this article is addressed.

The Problem of Original Document Handling

The main problem which these people—represented by the football pools, the multiple shop stock control, the banks, etc.—present to machine designers is that of handling countless bits of paper, cards, tickets and so on, coming in to central points from many different sources where they have already been handled, carrying information to be discriminated, codified, collated and often recorded in detail in functional steps—functional steps which are quite often essential and cannot be altered. These processes must often result in the preparation of a further mass of documents such as monthly invoices. It may be, too, that visual records of the present type, including possibly intermediate records needed for audit or other purposes, are indispensable. Therefore, documents and machines are called for which must replace the human hand and eye as well as the brain—documents which will, in short, process themselves.

Put another way, the essential problem which these routine clerical processes pose is the design of mechanism which, having read printed matter in the same way as the human eye, will translate what it reads into mechanical action.

In the absence of a device to read print, the alternative is to provide a translation of the print in a form suitable for a machine to understand. Holes punched in cards have provided just such an alternative means for sorting and assembly of data over the last fifty years.

Certain drawbacks have, however, hitherto been associated with punched cards. For instance, as they can only be used if they are in reasonably good condition, they are not entirely suitable for passing from one member of the public to another. Again, the sensing of markings on cards, whether holes or graphite marks, has depended up to now on contact of one kind or another (either electrical brushes or feeler wires). Original paper documents could not be used for automatic machine accounting because they could not be fed reliably one by one with the accurate positioning needed for reading by contact methods. Automatic handling of original documents was therefore not possible, and automatic data processing was largely restricted by imposition of an intermediate step: the need, first, to translate documents on to cards in the form of punchings.

A Technical Stalemate

A technical stalemate thus existed for many years which has been broken only recently by the advent of

(*a*) mechanism which can, at high speed, feed used paper documents one at a time with sufficiently exact placing to enable them to be read or sensed accurately.

(*b*) Photo-electric equipment which enables marks on or in paper to be sensed at very high speed without any physical contact with the paper or card.

Principally these two happenings have opened up three lines of further development in the field of card and/or document handling equipment:

(*a*) The much more intense use of cards because of the greater ease with which punched holes can be translated automatically back into type.

(*b*) The development of systems for reading data previously translated into various types of marks suitable for the purpose.

*See ACCOUNTANCY, July, 1954, pages 253–6.

(c) The development of electronic equipment able to interpret or read print.

These have been augmented by the development of efficient electronic means of storing data.

These three lines of development seem to be typified by work going on to provide completely automatic book-keeping systems for banks on the Continent, in this country, and in America. They are all, be it noted, ways and means of making original documents do their own work.

Continental Developments

On the Continent many of the banks have accepted the punched card and the machines of the punched card range as their sole accounting (and indeed clerical) medium, and have already set up extensive central machine bureaux. Each bureau is equipped with perhaps half a dozen similar self-contained comprehensive groups of standard punched card machines, sorters, interpreters, collators, verifiers, tabulators, reproducing punches and so on, linked together through the medium of control panels associated with a small electronic calculator. By means of a number of connecting boxes each group of machines can perform as many as forty or more complete clerical routines (not only book-keeping operations, be it noted), including automatic preparation of stereotyped letters of advice, acknowledgment, etc.

This considerable technological advance has been rendered possible by the small electronic calculator and other electronic equipment which links machines and processes, interpreting punchings and marks into type and so on. No effort is being spared to devise ways and means of forcing every possible clerical operation on to cards and so on to the machines. Bank customers, for instance, are being asked increasingly to use standardised card cheques, however inconvenient that may be for them.

British and American Efforts to Make Documents Do Their Own Work

In this country and in America the banking system is very much simpler and more straightforward, and the document turnover is very much larger, so that the introduction of the additional card punching stage would be not only cumbersome, but also uneconomic. In both countries considerable efforts have been and are being made to make the original documents perform their own work, without intervention of cards.

In this country, where it is necessary to think in terms of providing automatic book-keeping equipment in as many as perhaps 12,000 branch offices, the main objective has been to provide small, reliable, robust pieces of automatic equipment at a low price. Consequently the general tendency has, so far, been to concentrate on developing systems of marking for the purpose of representing data, which could be read by such simple, cheap, electronic equipment—marks which could be put on documents incidentally with the normal processes of their preparation, cheaply and easily.

Character Recognition

In America, while the same sort of work has been going on, there has lately been a tendency, despite the present very high cost involved, to attempt to develop equipment controlled by reading or sensing heads which will actually sense (or read) printed letters or figures. These processes are known by the name of Character Recognition. No doubt there lies at the back of this effort the notion that if the technique can be established, then quantity production will take care of the cost.

Character recognition has not been overlooked here, but the high cost of the equipment has deferred extensive development. For instance, whereas a document sorter using a mark recognition system developed in this country can be expected to cost no more than £1,500, a similar machine operating from character recognition equipment cannot be expected, at present, to cost much less than £20,000. Perhaps this comparison of costs sums the matter up as well as possible at this moment.

What indications can be drawn, then, for the ordinary commercial user, from these three parallel, but nevertheless different, lines of development of machines for banking?

The theoretically ideal combination of feed and sensing (or reading) mechanism must be akin to the human eye, i.e. it must read correctly, however the symbols, marks, or printed figures or letters are presented to it. Whether they are the right way up, or upside down, or upside down and reversed or at an angle, it must decide correctly and automatically the adjustment needed to sense correctly, and adjust itself automatically, continuously and correctly to do so.

All this is, and has been, technically possible for a number of years and is the aim of character recognition devices—at a price! It is the price—the economics—of the combined marking and reading systems that is likely to decide the future trends in the development of automatic office machines. Thus there are the three lines of development already mentioned:

(a) A greatly extended use of cards, much greater flexibility having been made possible in their use by development of such electronic ancillaries as the calculator, the electronic multiplying punch, the automatic electronic translator from holes or marks to type and *vice versa*, and multiple purpose sensing equipment—and more ideas to come.

(b) The use of original documents to effect directly, and automatically, complete clerical routines, the data which the documents comprise being made intelligible to the machines through the medium of some form of mark incorporated automatically in the document during its preparation.

(c) The use of original documents for direct automatic performance of clerical routines by reason of the machines reading data in the form of print.

Management's Problem

This period of development is an anxious one for those whose clerical work presents pressing staff and cost problems. They are faced with decisions committing their concerns to substantial expenditure on equipment which may be out of date in a short time, and, perhaps even more important, committing themselves to systems which it will not be easy to change; and yet the substantial savings which the new equipment offers make it more than ever desirable to get on with the job of automatising the office. It is the problem which arises in every field of a rapidly expanding technology. At what point is the design to be frozen?

Descriptions of the multiplicity of equipment already becoming available, and of the various lines of development going on, only tend to confuse the issue and make decisions more difficult. Is it possible to give any guidance?

The essential central items of any automatic office equipment which seeks to operate from (and to prepare and issue further) original documents will be the document feed equipment and the document reading equipment.

At least one device is already in existence which has demonstrated its ability to feed used documents of varying dimension and thickness, one by one, at high speed, reliably, and with sufficient accuracy, first to a sensing or reading head and then on to other equipment. To be really flexible the machine must be able, and indeed to some extent it has already shown its potential, to feed cards mixed in the same run as papers.

Now while a photo-electric sensing head will scan whatever passes in front of it—marks, holes, print, whether they be on paper or card—the significance of what it scans, and the effect of its electrical output on the further mechanism which it has to control or operate, depend largely on the circuits built into the electronic equipment associated with it.

Thus we have the prospect that with development of the associated electronic equipment, it will in due course be possible

(*a*) to replace existing contact methods of sensing cards by substituting photo-electric sensing heads in present machines;

(*b*) to have in paper handling equipment, sensing heads which will be replaceable, so that a head suitable for one class of document and one type of marking will be easily replaced by another head suitable for a different type of document and different marking system;

(*c*) to have a sensing head and associated electronic equipment designed in such a way that it will be possible to pass in one run, before the same sensing head, documents marked in a variety of different ways, the electronic equipment being such as to differentiate automatically between the various types of signal given out by the sensing head and switch the signals over different electronic circuits, so that the final electrical output will be of the same character to make the subsequent equipment respond correctly.

This is a complicated assertion to make, but it does mean that electronics is in due course going to give much greater flexibility in the employment of existing standard equipment.

Electronics as a Means of Increasing Scope of Existing Machines

This prospect of greatly increased flexibility arising from development of what might be called "translation equipment" must inevitably minimise or even eliminate the serious risks at present inherent in prematurely adopting machines dependent on marking and sensing methods which may not of themselves ultimately prove to be the best or most suitable. Indeed "translation equipment," some of it already electronic, which in a most uncanny way translates marks into holes, marks and holes into print, and so on, and verifies account numbers with customers' names to ensure posting of items on correct accounts, is already in use, and, as in the Continental banks, is already giving much greater flexibility and range to the use of punched cards.

It begins to appear, then, that, given certain basic functional machines to perform the mechanical aspects of routine clerical work, for instance

(*a*) a document feed and sensing unit,
(*b*) a document sorting machine,
(*c*) an automatic adding/listing machine,
(*d*) an automatic ledger posting machine,
(*e*) maybe a small electronic computer for calculations,
(*f*) punches or other forms of marking equipment capable of being controlled from a keyboard or by other mechanism,
(*g*) a document conveyor system,

suitable intermediate translation equipment will permit use of card and paper records simultaneously and of documents marked in a variety of ways to represent data, if indeed such machines do not ultimately read print direct.

Always, of course, the final arbiter will be the question of costs, of economics, and less and less that of practicability or inflexibility of equipment.

Given two provisos, then, there seems no real justification for delaying the adoption of such document and data processing equipment as exists at present, because from the present equipment has grown, or is beginning to grow, fully automatic office equipment.

The first essential is to be clear whether the routines to be dealt with are purely those of processing data, or those of processing documents. For pure data processing the solution should be sought in the electronic computer field, where there is already a reasonable choice of customer-built or standardised electronic computer units. If on the other hand it is a question of processing documents including the data they represent, then it is essential to understand the primary physical steps involved and to base the system on these functional processes. A fully automatic and flexible system can then be developed from them as automatic electronically controlled functional machines and "translation" equipment become available, as they surely will, in steadily increasing numbers in the next few years.

The Export Trade of Great Britain

By ERNEST EVAN SPICER

THE MOST IMPORTANT problem which faces the inhabitants of Great Britain today is the export trade. In comparison, all other problems sink into insignificance, because upon the export trade of the country depends the very existence of a large section of the community. The truth of this statement was brought home to all thinking persons, in a very ruthless manner, during the two world wars, for, on each occasion, enemy submarines were within measurable distance of cutting off all our food supplies from overseas. Had they succeeded in doing so, the end would have been rapid, since starvation or unconditional surrender would have been the only alternatives.

To this, the man in the street (who is represented, let us say, by the bald-headed man at the back of the omnibus) may reply that, as we are not at war, but, on the contrary, enjoying a well-earned peace, no useful purpose is served by raising theoretical nightmares of a flesh-creeping character. He may even add that, as a third world war would knock us out anyway, melancholy reflections of this nature should be placed permanently in cold storage. As, however, our bald-headed friend may not have given any very close attention to the problem, and moreover, may have little understanding of what he is talking about, it may not be out of place to explain exactly what we mean by the export trade of the country, before starting on our analysis of the problem.

We live on a comparatively small island and have always been a seafaring nation. In the very early days our enterprising mariners sailed the seven seas on voyages of discovery and brought back with them, as curiosities, goods (including products of the soil, such as the common potato) which up to that time were unknown to the inhabitants of this country. As a result, a demand for these goods was created, and in due course, regular expeditions were organised to visit these foreign markets. To ensure regular supplies, a system of barter was introduced and thus it came about that we exported goods—in the first instance cheap cloth and coloured beads—and exchanged them for valuable imports.

In this manner the export trade of the country originated, and from very modest beginnings a foreign trade of almost unbelievable magnitude has been developed, with far-reaching consequences to this country. In order to pay for the imports, our factories had to churn out an ever-increasing volume of manufactured goods. This created a demand for additional labour, which could only be satisfied by an ever-increasing population.

Thus a "grand circle" was created. Labour was made available as a result of the increase in population; the expanding output of our factories was rendered possible by the additional man-power available, and the ever-increasing imports provided the requisite food to fill the mouths of the rising population.

In theory, the grand circle could continue to expand indefinitely, like the universe, but this involves an important proviso, which is not always satisfied in practice. The imports, the exports and the population must always march in step with one another, like the Household Cavalry when deprived of their horses. Unless this condition be fulfilled, difficulties, of varying consequence ranging from minor inconveniences of a temporary nature to national disaster, must result.

But of this, later.

Prior to the first world war, this country always enjoyed a favourable balance of foreign trade. In other words, the total exports, visible and invisible, always exceeded the total imports. The balance, which loosely may be termed the profit on our foreign trade, was invested abroad. Thus, each year we paid for everything we purchased from abroad (raw materials, food and goods for home consumption) out of the proceeds of our exports and we accumulated the balance.

The term "invisible exports" represents the profit arising from services rendered, such as shipping, banking, insurance, and in fact everything for which payment has to be made by the foreigner, otherwise than for goods exported from this country.

A very important invisible export of the past was the income arising on our accumulated savings abroad. This was remitted each year in the form of imports, in respect of which no payment had to be made. Bearing in mind the fact that our foreign invested capital was increased annually by an amount equivalent to the favourable trade balance, thus ensuring an ever-expanding annual income from abroad, the value of this particular invisible export was, indeed, very great.

It may be said, however, that the vital importance, to this country, of the invisible exports as a whole, was never fully appreciated by the man in the street, more particularly when seated at the back of the omnibus. It was the least spectacular, but nevertheless the most important department of the national business. His vision did not extend to the invisible. He did not know that the imports of this country always exceeded the exports of goods and that the invisible exports not only made good the deficiency, but also provided a very handsome surplus.

As a nation, we had become so accustomed to the idea of a favourable trade balance, that few people troubled themselves to ascertain how it arose. An adverse trade

balance seemed an impossibility, until World War No. 1 upset all previous calculations and blew skyhigh our entire economic structure. The whole of our vast foreign capital, laboriously accumulated over long years, disappeared with great rapidity and we were then forced to pledge our credit.

Why, in these circumstances, we deemed it necessary to render ourselves responsible to America for the war purchases of our Allies, as well as our own, is not very clear. Anyhow, when the war eventually ended in a resounding victory, we found ourselves indebted to America for an incredibly large sum, and the other nations indebted to us for amounts which they could never hope to repay. For some time we struggled to meet the interest on our indebtedness, but the burden proving too heavy, we were forced to default.

Thus we emerged from World War No. 1 victorious but, nevertheless, hopelessly insolvent, and with little real chance of ever again being able, unaided, to maintain our proud position in the world. During the succeeding twenty years, thanks largely to artificial props and favourable terms of trade, we managed to survive, and even to make some apparent progress in the way of recovery, but World War No. 2 brushed all this aside and still further jeopardised our future as a great nation.

It is true that America once again poured forth her wealth and, at a later stage, her man-power, on the side of the allies, and thus saved Europe from Nazi tyranny. It is also true that since the cessation of hostilities, America has proved herself a true friend, not only to us, but to all the free world, but, notwithstanding everything she has done and may do in the future, it is well-nigh impossible to believe that Great Britain can long continue to sustain her present population. That this must decline materially within the next half century seems absolutely certain, but whatever happens, whether we sink or swim, survive as a great nation or decline to the status of a second-class power, let us never forget the debt we owe to the great American republic.

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Let us now delve a little more deeply into this question of population. How came it that this small island of ours became so densely peopled? In the reign of Queen Elizabeth the First, the population of Great Britain was approximately five millions. Many people may regard this as very small, but in point of fact it was not small at all, because it represented the maximum population which, at that time, the country could support. To all intents and purposes, no food supplies came in from overseas and therefore the inhabitants had to rely on what the soil of the country could produce. Two hundred years later, at the time of the Battle of Trafalgar, the population had risen to about twelve millions; an increase over the period of seven millions. During these two centuries a greatly increased acreage of land had been brought under cultivation and the export trade had been developed in a modest way, thus supplementing the home-grown produce by shipments from abroad. In this manner more hungry mouths could be filled and as new factories started up all over the country, employing annually more and more labour, a larger population could be absorbed.

It rarely happens that a country which can feed a larger population has long to wait before that population puts in an appearance. Today, in the reign of Queen Elizabeth the Second, the population approximates fifty millions, an increase of nearly thirty-eight millions in 150 years. This increase is so stupendous that it calls for a special word of explanation.

With the advent of steam, this country quickly veered over from the windmill to the steam engine and, as a result, the capacity output of the factories suddenly rose to heights never before visualised by man. To the manufacturer, the outlook was indeed rosy. The only grey patch on the otherwise blue horizon was the initial shortage of man-power which temporarily prevented him from taking full advantage of this heaven-sent opportunity. He cried aloud for labour, but, for a while, his cry met with but little response. The labour just wasn't there. In fact so pressed was he for workpeople, that he "roped in" not only all the available men, but also women and even little children. Then the economist came to his assistance, proclaiming that no country could prosper without an ever-increasing population. Lastly throughout the country there was preached the gospel of the full quiver.

This triple trumpet call proved irresistible. Nelson's stirring signal to those under his command at Trafalgar was adopted as a nation-wide slogan; the country rose to the occasion as one man, and the population increased with unbelievable rapidity. Thus it was that during the nineteenth century the population of Great Britain took a great leap forward and has continued to rise ever since.

How long can this continue? Today we are striving to support fifty million people and to do so we look to the export trade of the country to provide the requisite supplies. Unhappily there is no assurance that the total exports, visible and invisible, will equal, let alone exceed, the total imports. It is very doubtful whether in the future—as a "year in, year out" proposition—we shall be able to maintain our export of goods at the present high level.

If, therefore, we assume a permanent decline in the export trade, a cutting down of our imports from abroad becomes inevitable. This automatically involves a lowering of the standard of living. The cumulative effect of this, over a period of years, would become increasingly painful, more particularly if the principle of "fair shares for all" were followed, since everybody would eventually become undernourished and weak. Unless therefore the fundamental cause of the trouble be remedied, the only solution would be an artificial reduction of the population —with friendly aid from outside—or the operation of nature's law, favouring the fittest.

In this respect, civilised man is at a disadvantage compared with his less civilised brother. We are indebted to Darwin for our knowledge regarding the methods adopted in the past, by the inhabitants of Tierra del Fuego, to meet a similar situation. When pressed by hunger during the winter months, they killed off their

old women, and then ate them. It should be mentioned in passing that in those days, the franchise had not been extended to women in Tierra del Fuego and in consequence the position of the old men was comparatively safe. Humanitarian considerations might have prompted the killing off of dogs in the first instance, but cold logic decreed otherwise. The Professors of the Fuego School of Economics enunciated sound principles when they pointed out that, whereas dogs could catch otters, thus providing both food and raiment for the tribe, old women were incapable of performing this life-saving service. Their elimination therefore would not only lessen the number of hungry mouths to fill, but would also augment the stocks of provisions in cold storage, available for consumption during the critical months of food shortage. The economic advantages attaching to this policy of regulating artificially the growth in the population were therefore very considerable. Even the method of slaughter was influenced by economic considerations. They held the old ladies upside down over their own wood fires and allowed the smoke to kill them and then to cure them, even as we cure bacon.

Fortunately we have, so far, been spared economic pressure calling for such drastic remedies, but nevertheless it would be dangerous to shut our eyes to the possibilities which loom ahead of us. Our economic position is indeed perilous and although we may, and doubtless shall, find temporary solutions to some of our difficulties, the ultimate problem which faces us is far more difficult than that which, for centuries, faced the Fuegians. Their economy was balanced each year by the slaughter of a few old women. Our economy cannot be balanced, on the basis of our present standard of living—unless the export trade can show a profit sufficient to support an "artificial population" of twenty million people. If we were dependent on home production alone, this country could not support, at the very most, more than thirty million people, even on the basis of a very low standard of living. The balance of the population, namely twenty million, can thus, quite properly, be termed an "artificial population," dependent for their very existence on imported food.

To maintain the export trade, we have to import raw materials, and the goods which we manufacture for export must be sold at such a price as will cover the imported cost thereof, and show a margin sufficient to pay for the imported food and other necessaries, upon which we rely. If we fail to do so, it will be quite impossible to maintain permanently a population of fifty million people. Obviously it is useless to manufacture goods for export which cannot be sold except at a loss and therefore the question of the cost of manufacture becomes all important.

As a short term policy, it may be necessary, from time to time, to sell goods abroad at a loss, in order to acquire "hard currency," but this can only be a very temporary expedient. In the case of mass-produced goods for export, we may have to compete with the very countries from which we buy the raw material. This, in itself, is a very formidable handicap, since freight plays a not unimportant role in the cost of manufacture. Then we are faced with the competition of countries whose standards of living, based on lower wages and longer working hours, fall far short of our own. In these circumstances, how can we compete in world markets? There is but one solution. Our quality must be higher than that of other countries and our selling prices must be competitive.

This does not necessarily mean lower wages. It means the highest wages that industry can pay for honest work, unhampered by unofficial strikes. It means intelligent and sympathetic management and the use of up-to-date machinery and labour-saving devices. It also means understanding on the part of the Government, so that existing machinery can be depreciated for purposes of taxation as rapidly as in Canada and other go-ahead countries, and reserves, specially earmarked for new machinery, built up. When it is realised that the Government takes more than one-half of all the profits of industry and is thus, in effect, the senior partner in every business, it is surely not unreasonable to ask that it should play a helpful and even generous part in the nation-wide fight for existence.

It may well be that some of the industries which started up during the period of world shortage will find it impossible to withstand the full blast of foreign competition in a buyer's market, notwithstanding sound management and loyal labour co-operation. In these circumstances it may be necessary for them to close down and veer over to some other form of industry in which the advantages are not all on the side of the foreigner. It should be remembered that Coventry was once the centre of the ribbon trade, until the French manufacturers successfully intervened; but Coventry did not disappear from the map as a result of this depressing experience. On the contrary, it gave birth to the cycle and, later, the motor car industries.

In the past this country has always held her own where quality was the deciding factor, and if, in the future, she can combine quantity with first-class quality she will not fail. If, however, she relies on quantity alone, the result will certainly prove disastrous. She needs her craftsmen and above all she needs the apprentices to ensure a continuation of the good work. Will they be forthcoming? The trouble today is that owing to the crushing burden of taxation, there are so few people left who can afford to buy high quality goods, and, without a flourishing home market, it is difficult to visualise a successful industry dependent on foreign customers only. Even if we have the skilled craftsmen, it by no means follows that the volume of quality goods, that we shall be able to sell, will prove sufficient to meet our needs and to ensure to our people the standard of living which we enjoy at the present time. After all, the two world wars have impoverished other nations as well as our own.

Our island is more densely populated than other countries. We cannot expand our agriculture to any appreciable extent, and it is difficult to see how we can permanently increase our export trade. Our population therefore must decline materially during the next half-century. Conversely the populations of America, Canada,

Australia and Russia are bound to rise considerably. They have almost unlimited space, which, up to the present, has barely been scratched; they have vast undeveloped natural resources, and they can easily maintain much larger populations than they have at the present time.

Doubtless we can introduce improvements in our methods of manufacture, thus reducing the cost, but, bearing in mind our natural disabilities and the growing foreign competition, all this and a great deal more will be needed to maintain the export trade at its present level. Further, there would appear to be a very definite limit to the amount of coal which we can—with certainty—produce annually.

If this be the case, it must surely set a limit both on the export trade of the country and also on the population, and the question arises whether that limit has not already been reached. Let us assume for one moment a steady decline in the export trade: what will be the position?

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We cannot act as the Fuegians so wisely acted and kill off a section of the population each year, just before Christmas, and thus we cannot visualise the comfortable picture of fewer mouths to fill and an ample supply of food to put into them. The unvarnished truth is that we should be unable to maintain, for any considerable time, our present standard of living, and bearing in mind that the population would presumably go down only gradually, a somewhat gloomy outlook presents itself. It is all very well talking glibly about reducing the population artificially, but how is this going to be done and how will it help the situation if we part with any but our weaklings? Australia, for example, needs virile men and women and not decrepit old people. These latter however are the very ones to whom we—as a nation—would wave a joyous economic farewell.

The trouble is that every effort to right wrongs, however laudable, that tends to increase the cost of living and thus indirectly the cost of manufacture, constitutes a menace to the export trade. It is probably no exaggeration to suggest that if all the demands for increased wages and increased expenditure on the social services were granted immediately, the cost of manufacturing goods for export would rise so substantially as to render it impossible to sell them at a profit. This would result in repercussions of a staggering nature. The cost of living would rise sharply; the standard of living would drop heavily; the purchasing power of the pound sterling would follow the other European currencies, which have depreciated out of all recognition during recent times, and finally the death rate would soar.

It is extremely probable that readers of this article, if indeed there be any who have not already turned to the harmonium for consolation, will deride the arguments adduced and attribute them to mental indigestion on the part of the writer. Let us hope and pray that they are right, but, before making way for our betters, we would ask the few who are still with us to give a little further thought to an aspect of the subject, which, up to the present, has received scant attention. Space must be the determining factor of population, particularly in the case of an island, which has natural boundaries. Obviously the more intelligent the inhabitants, the denser will the population eventually become, because the available space will, presumably, be used to the best possible advantage. There must, nevertheless, be a definite limit to the number of people occupying a given area of space.

It is clear that nature, unassisted by intelligent man, does not encourage large populations. Naturalists tell us that every lion, in a wild state, requires, on the average, at least one hundred square miles of territory in order to survive. This knowledge gives us the happy assurance that there is no grave danger of the world becoming overcrowded by lions. Primitive man can, of course, do better than the lion, owing to his greater brain capacity, but, unless he is able to assist nature, the difference will not be spectacular. Prior to the discovery of Canada, that enormous territory was occupied by savage tribes, known collectively as Red Indians. It is true that they were always killing one another, but the main reason why, in the aggregate, their number was so small was that they knew little about agriculture and depended for their livelihood on hunting. Thus they needed space. In other words, they relied almost entirely on unassisted nature.

We have all heard of the ship-wrecked mariner who, after clinging for days to a broken mast in a shark-infested sea, eventually woke up to find himself unscathed on an uninhabited island and we all know that he lived there happily ever afterwards. The question which we ask ourselves is how it came about that the island was uninhabited? It supported the mariner, in comparative luxury, for a great number of years; so why not others? The only satisfactory answer that occurs to us is that nature—unassisted by intelligent man with the requisite tools—could support on this island exactly one and a half sailors and no more, and that, apart from our able-bodied friend, nobody else had ever been prepared to enjoy so much happiness, for so long, single-handed. Had the island been slightly larger, a beautiful dark-eyed maiden would doubtless have found her way thither, in order to add to the comfort of the mariner and possibly to start an "artificial population." Happily or unhappily, space, the limiting factor, robs the story of this romantic ending.

In a precisely similar manner, had the space allotted to this country been slightly more generous, the economic position would have been less critical, because a supreme effort could then have been made, by an highly intelligent population, to assist nature still further in the matter of home production. As matters stand it would seem as if all the available space had been utilised to its maximum capacity, and the export trade allowed to develop regardless of the possibility of a major set-back. In other words, the country has been over-trading with insufficient space.

The two world wars have rendered this fact crystal clear. Every European country—with the exception of Russia, which enjoys vast undeveloped space—has been reduced to insolvency as a result of these devastating

upheavals and each is striving to keep its head above water. Each country seeks to be more self-contained and thus to restrict unnecessary imports. Instead of concentrating on what it can do best, and leaving to others that which—for varying reasons—they can do better and cheaper, each country is attempting to do something of everything. If this continues, as is likely to be the case, it must surely have an adverse effect on the export trade of Great Britain.

Formerly London was the centre of the world's money market; British ships carried the bulk of the goods of the world and British underwriters insured those goods. Today this is not the case, and the Red Ensign is by no means the only flag one sees in the Suez canal.

Is it not probable therefore that both our visible and invisible exports will gradually decline? If this be the case our "artificial population" of twenty million will become increasingly burdensome.

The tendency of every impoverished nation must be to restrict imports—more particularly luxuries—and thus to curb internal spending. In this connection, it is difficult to define the term "luxuries" because it is usually applied to everything which the other man enjoys, which the individual, attempting the task of definition, is unable to afford. The restriction of imports other than necessary raw materials is essential if the exports cannot be maintained, since, the more the shop windows are stocked with delectable articles, the greater will become the spending habit of the people, accompanied by a corresponding reduction in the saving habit. Excessive internal spending will raise the cost of living and thus the cost of manufacture and so prove detrimental to the export trade.

To discourage this by every possible means, successive Chancellors have introduced, in this country, correctives of varying severity. The import of some goods has been banned completely; taxation of industry has been raised steeply to discourage distributions to shareholders; the individual has been taxed so severely that nowadays nobody wears a dinner jacket at the theatre; purchase tax often prevents the poor from buying articles which, long since, have become necessaries of life, and entertainment tax has ensured that the public "pays through the nose" for its recreation. On the other side of the blackboard, everybody has been bribed to invest in a limited number of tax-free Savings Certificates.

* * *

How can an "artificial population" of great dimensions be reduced within a reasonable time? Nature does it very effectively by means of famine and pestilence. We, however, are seeking an artificial method, which will avoid, on the one hand, nature's lamentable inability to distinguish between indispensable sheep and undesirable goats, and on the other hand, the crude, but nevertheless effective, methods of the Fuegians.

The problem has been tackled by economists and others of the very greatest eminence and is, we understand, still engaging their deep and grave consideration. No very convincing solution however has, as yet, been forthcoming and it is probable that until the problem becomes so desperate that it cannot any longer be shelved—like the problem of the magnetic mine in World War No. 2—matters will be allowed to drift, in the hope of something "turning up."

Mr. Micawber pointed the way by emigrating to Australia and making good, but he and his family—including Mrs. Gummidge—were very remarkable pioneers and would doubtless have survived on a completely desert island. We, however, are not thinking of parting with our stalwarts, but rather with those who cannot fend for themselves. What practical suggestions can be offered?

As the economists have failed to give the country a definite lead in this matter, we have felt it our duty to give ear to our friend, the bald-headed man at the back of the omnibus.

The following are a few of the many recommendations which he—without overtaxing his gigantic intellect—has let fall.

(1) Provided the death rate exceeds the birth rate, the population will steadily decline. This is reminiscent of the answer given, many years ago, by the great American astronomer, Dr. Percival Lowell, to the question: What causes an ice age? "Glaciation," he said, "would result from a greater deposition of hoar-frost or snow in winter than the succeeding summer's sun could melt."

(2) Birth control must be rendered compulsory throughout the country, a right of appeal being granted to conscientious objectors.

(3) No increase in the family to be permissible, save under licence of the Board of Trade. Penalty—segregation "or," in addition to a heavy fine.

(4) Child allowance to be abolished. Additional taxation to be levied in respect of all children born under Board of Trade licence.

(5) Suitable emigration, under licence, for persons under the age of 60.

(6) In consideration of the help which she has been permitted to render to us in the past, America to be informed that we are prepared to receive—for a period of twenty years—imports of food—by way of gift—sufficient to feed those of pensionable age in this country.

* * *

These and other remedies have been pressed upon us, but we accept no responsibility for them.

We are facing a problem which, in the absence of precautionary measures, was bound to arise sooner or later, even had we been spared the ravages of war. With limited space, no nation can continue indefinitely to increase its trade and its population. A time must come when nature calls a halt. We should have foreseen the danger and guarded against it. This we could have done in the past by fostering emigration to our distant possessions, subsidising agriculture to ensure a more productive use of our soil and preaching birth control. We have waited too long and allowed war to create an emergency for which we were totally unprepared. We have failed to profit by the teaching of Malthus and we are reaping the

consequences: "Population, when unchecked, increases in a geometrical ratio—Subsistence only increases in an arithmetical ratio."

* * *

P.S.

We must not end on a note of intransient gloom, nor must we assume too readily that

"The flag of England's faded,
Her ancient glory past."

This old country of ours has passed through many a crisis and has emerged triumphant, and so—away with melancholy—and let us accept joyfully the good news: "*Le diable est mort.*"

We have indicated that the discovery of the use of "steam" provided the "driving" force of the Industrial Revolution, which created the "artificial population." We are now entering upon a new era and "atomic energy" may well provide a solution to many of our difficulties. It would, however, be idle to speculate on the immense possibilities which the gradual unfolding of this great secret of nature may involve but, if the human race retains its sanity, there can be little doubt that the impact of this wonderful discovery will—in time—prove overwhelmingly greater than anything mankind has so far experienced, as a result of rightly directed effort.

It should, therefore, ease the situation, as Talleyrand said when his wife died!

How the Americans Treat Depreciation

By C. D. HELLYAR, A.C.A.

The Revenue Code of 1954

THE UNITED STATES Revenue Code of 1954 (see ACCOUNTANCY, October, 1954, pages 367-8) is a compact and efficient piece of work. It is a brand new statute, not a mere work of consolidation, though accompanied by a warning that there are changes yet to come. Fresh thinking is especially evident in the provisions of the statute implementing what is called the "liberalisation of depreciation policy;" some hoary old problems receive new treatment and new ripples of thought of interest to economists as well as accountants are set up.

The Pre-Existing System

To begin, it is worth while to quote Section 167(*a*) of the Code verbatim:

> General Rule—There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—
> (1) of property used in the trade or business, or,
> (2) of property used for the production of income.

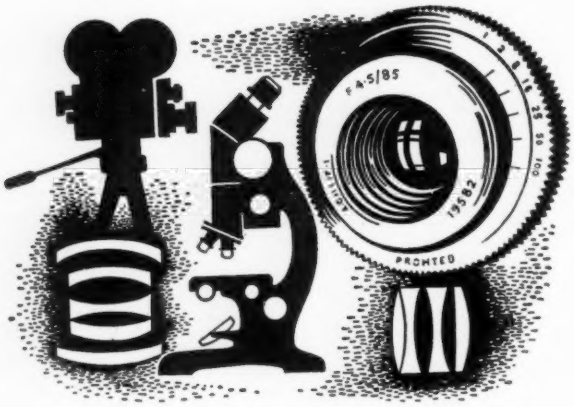
This section is not new. It is reproduced from the 1939 Code but in itself it shows the width of the conception of allowable depreciation accepted in the United States. "Property" includes every kind of depreciable asset or right, tangible or intangible. There is no distinction between industrial and commercial buildings as in this country; nor is the rate attributed to an industrial building entirely arbitrary. Moreover, the allowance is not confined to "wear and tear"; it includes a reasonable allowance for "obsolescence." Intangibles which have a limited useful life, such as patents, licences and copyright, may be depreciated for tax purposes, but goodwill does not fall into this category.

The American tax depreciation system has thus for long been more liberal than our own (quite apart from the special write-offs permitted under certificate from the United States Treasury for expenditure incurred primarily in relation to national defence). Administratively, the principal difference has been the emphasis on the useful life of assets, expressed in years. Although in practice the allowance is normally expressed as a percentage of original cost, this way of looking at the problem makes it comparatively simple to revise the effective rate at any time.

The "straight line" method of depreciation has hitherto been generally preferred to what is called in the United States the "declining balance" method. The annual allowance on the "straight line" method is determined by dividing the cost of the property, less its value when worn out or discarded, by the estimated number of years for which it will be of service. Where the "declining balance" method is in use, the rates allowed before the coming into force of the new Code were normally 150 per cent. of the percentage applied on the "straight line" method.

The ideal of depreciating each individual asset separately can seldom be achieved, and two deviations are found in practice. One is to classify assets into groups of like kind; the other is to throw all assets of the same general type together and estimate a composite average life over all for depreciation purposes.

Only if assets have been depreciated separately or in finely classified groups has a loss on retirement or abandonment of a particular asset been recognised. Where records are kept by the taxpayer grouped by year of acquisition, he can usually claim the loss only when the last surviving unit of a particular year has been withdrawn from use. Otherwise, the residual value of the asset withdrawn is simply left in the accumulated total



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available for future depreciation, as is so often the practice in the United Kingdom.

In any event, depreciation is allowed only for that part of a year during which an asset is in service: this applies both for the year of acquisition and the year of disposal. In practice, additions and withdrawals are often assumed to have been made half-way through the year. In the United States the assessment year is, of course, the calendar year or the accounting year ending within it.

Although the depreciation method used for tax purposes does not have to be followed in the taxpayer's own books, he has to keep the necessary subsidiary records to produce the tax information needed and to make an annual reconciliation between the two sets of figures.

The New System

The above remarks epitomise the arrangements in force before the enactment of the 1954 Revenue Code. Broadly, the new depreciation methods do not interfere with methods already in use and agreed between the taxpayer and the Revenue, if the taxpayer does not wish to change.

The new rules, however, introduce a new range of choice of method for expenditure on property, other than intangible property, incurred by the taxpayer after December 31, 1953. The assets ranking for the new treatment must have a useful life of three years or more and, if acquired by the taxpayer from someone else, their original use must commence with the taxpayer.

For taxable years ending after December 31, 1953, the methods available in respect of these assets may be summarised as follows:

(1) The straight line method as hitherto allowed.
(2) The declining balance method, using a rate not exceeding twice the rate available under (1).
(3) The sum of the years-digits method.
(4) Any other consistent method of calculating an annual allowance which, when added to all previous allowances on the property, does not during the first two-thirds of its useful life exceed the total of what the allowances would come to under (2).

Different methods may be applied to different classes of property of the same taxpayer. The old rules will continue to apply to intangible property and to tangible property to which the new rules are not applicable.

Examination of Alternatives

There was some criticism in professional circles of what is termed the *double declining balance method* because it is based on the original cost of an asset without any deduction for salvage or residual value at the end of its life. Although the method gives a very heavy depreciation charge in the early years of an asset's life, it also leaves at the end thereof an unrealistically high residual value, estimated at 10 per cent. to 13 per cent. of cost. In order to satisfy complaints on this score, an amendment was introduced permitting a taxpayer who uses this basis to switch over to the straight line method at any time. This permits a write-off of the balance remaining, less the true residual value, over the rest of the asset's life.

The most novel of the alternatives is the *sum of years-digits method*, which is best illustrated by a simple arithmetical example. If an asset has a ten year life, then its expectation of life at the beginning of each year is 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, the sum of which is 55. The allowance would be 10/55 in the first year of the asset's life, 9/55 in the second year, and so on. As a result, the pattern of annual allowances would resemble that under the double declining balance method but, being based on cost less estimated true residual value, would not possess its disadvantages. This method may seem rather arbitrary at first but it really creates what might come to be an accepted accounting convention, and is possibly not much less realistic than the more familiar conventions.

Obsolescence and Special Factors

So far, little has been said on the subject of the allowances for obsolescence, which, although not new in the United States, is one of considerable current interest in the United Kingdom. It may be that, in special cases, the Inland Revenue here do sometimes agree an annual rate which tacitly takes this factor into account; it is, however, not at all clear that they have power to do so, though this might be read into Section 281(6) of the Income Tax Act, 1952. It is high time, in any case, that the position was clarified.

Normal obsolescence is described in the United States Internal Revenue Service regulations as arising from "technological improvement or reasonably foreseeable economic changes" and the factors causing it as being due to "normal progress of the art, economic changes, inventions and inadequacy to the growing needs of the trade or business." Not only is "normal" obsolescence so taken into account in fixing asset lives for depreciation purposes but also an addition for "extraordinary" obsolescence caused by "a rapid advance in technology or by sudden economic changes which could not reasonably have been foreseen by the taxpayer at the time of the acquisition of the asset." The latter factor has, of course, to be proved by the taxpayer and his own unsupported opinion is insufficient. Once he is in a position to show with reasonable accuracy that circumstances have arisen that will clearly shorten the life of the asset, then he will be granted an additional allowance for subsequent years. This is quite distinct from any allowance that may be given for the unallowed balance of cost in the year when an asset is withdrawn from use.

Conclusions

The justifications for the new depreciation allowances are summarised in the following quotation from the Report of the Senate Committee on the Bill:

> More liberal depreciation allowances are anticipated to have far-reaching economic effects. The incentives resulting from the changes are well-timed to help maintain the present high level of investment in plant and equipment. The acceleration in the speed of the tax-free recovery of costs is of critical importance in the decision of management to incur risks. The faster write-off would increase available working capital and materially aid growing businesses in the financing of their expansion. For all sections of the American economy, liberalised depreciation allowances should assist

modernising and expansion of industrial capacity, with resulting economic growth, increased production and a higher standard of living.

To those who advocate the closest approximation of taxable profits with those calculated on accepted principles of commercial accounting, this kind of statement is always somewhat bewildering. We might infer, however, from the Senate Committee's remarks that the pattern of the new depreciation allowances does, in their view, broadly reflect the actual pattern of recovery of costs in the sales of United States industry. How true is this?

Mr. Graham Hutton in his review of the reports of the sixty-six Productivity Teams that went to the United States (*We Too Can Prosper*) says:

> Today, as half a century ago, one of the outstanding features of American industry, compared with British industry, is that its equipment is generally far more intensively used, more rapidly written-off, more quickly replaced and more rapidly expanded.

He also refers to a "rough American survey" made in 1949 which showed that most manufacturers considered that equipment should pay back its original cost (including installation and so on) in five years.

The least one can say is that, even after making the necessary discounts from these claims, it is clear that a different attitude is taken in the United States to the problem of replacing plant from that common in this country and Europe generally.

Accelerated depreciation cannot in any case increase the total cost to be written off. If tax rates are heavy in the early years of the life of an asset and are expected to fall in later years, the attraction of the method to the taxpayer is evident. In the United Kingdom, the so-called "interest-free loans" provided by the initial allowances were regarded with mixed feelings, especially as, after their introduction, the tax rate rose and the acceleration of depreciation allowed at 9s. in the £ was compensated by smaller allowances when the rate was 9s. 6d. In Germany, however, this was the fiscal policy followed during the post-war years and it helped to finance industrial re-equipment there during a period when taxation was insupportably high.

One may summarise the conclusions as being that if an acceleration of depreciation allowances does indeed, even though only roughly, reflect the national pattern of recovery of costs, then naturally taxable profits should reflect this. Otherwise, the mere redistribution of depreciation allowances between one year and another is probably of doubtful value in the long run. None of these expedients does anything to solve what many people regard as the more urgent problem of the increased cost of replacing assets due to changes in the value of money. In this respect, the investment allowances granted in this country under last year's Finance Act can be regarded as a more realistic contribution, although they were not explicitly granted for this purpose and go only part of the way.

A Simple Coding System for Municipal Accounts

[CONTRIBUTED]

AN ESSENTIAL PRELIMINARY to the mechanisation of expenditure accounting is the construction of a suitable code. The coding system should be simple, but to be effective should meet the requirements not only of the financial accounts, but also of the costing system. It is confusing if there are different codes for the two purposes, as there are in some local authorities, for errors in "translating" may easily occur and the reconciliation of the cost accounts with the financial accounts is made more difficult.

A coding system which works well in practice, and enables the frequent production of comparative statements of estimates against actual expenditure, is described below. It is particularly suitable for punched card systems, and can be easily adapted for local circumstances. It consists of eight figures: the first pair denotes the fund, main account, or committee; the second pair the main heading of account; and the third pair the sub-account, while the last pair is used as a "cost code."

The system may be illustrated by showing how the code would be used to furnish the necessary financial and costing information about repairs and maintenance of the Town Hall. Assuming it is required to produce separate costs for each main job, the last pair of code numbers would be used to denote the job, for example, outside painting, and the first three pairs for the financial accounts. The code might appear as 21071583, the "interpretation" being as follows: 21—Buildings Committee; 07—Town Hall; 15—repairs and maintenance; and 83—external painting. The revenue account ledger would be posted from tabulations containing sub-totals up to the third pair of figures (in this case—"Town Hall, repairs and maintenance"), and the cost ledger would contain the job accounts, these being posted from sub-totals controlled on the last pair of code figures.

The cards punched from time sheets, invoices, haulage registers, and so on can be used for both ledger accounts and cost accounts. It might be thought that as the cost code in the illustration (the last pair of figures) can provide for only 100 jobs, it is too rigid to cater for services comprising more jobs than this. But the code can easily be varied to meet this point. It will rarely, if ever, be found that there are more than 100 *major* jobs started in any financial year, within any one service. Most of the jobs in the Town Hall, for example, will be of minor importance—repairing plumbing apparatus, electricity fittings, window sashes, and so on. These should be lumped together under one code. Major repairs to boilers, extensive painting jobs, re-pointing, and so on, should be given special code numbers. Much depends on the degree of financial control re-

quired. Repairs to council houses might require special treatment if, as is quite likely, detailed costs for each job are required. The first pair of numbers in the code will then denote the housing account, the second pair the estate or site, and the last four numbers the job. Thus 10,000 jobs for each estate are allowed for. The code may be adapted to produce costs according to type of repairs, for example, painting, plumbing, electrical, and so on. Other services which might require special treatment are highways and general services such as transport, depots, and stores. A system effective in practice uses the last two figures to denote the type of work on highways, for example, surface dressing, channelling, curbing, and so on. Otherwise, the code is used in much the same way as for other services, the first pair of numbers denoting "highways"; the second pair the classification of the road (for example, trunk road, or Class I road); and the third pair the particular road. If a subjective analysis is required, the code could be used to produce the cost of labour, materials, haulage, and other such items, in respect of each road or process.

If a transport or vehicles account is kept, it is usual to show in the financial accounts the total expenses under each heading—wages, fuel, repairs, depreciation, and the like. The cost accounts will produce the detailed costs relating to each vehicle, the number of hours worked, fuel consumption, and so on. The first pair of numbers in the code can indicate "transport account," the second pair sub-accounts, the third pair the number of the vehicle, and the fourth pair any desired grouping of vehicles—lorries, gulley cleansers, refuse collectors, and so on. The punched cards will show in separate fields the number of hours used, the charge, the vehicle number, the account to be charged, and any other information required. Data on petrol and oil consumption will be obtained by analysis of stores issued cards, on which can be recorded vehicle number, quantity and amount.

The code is particularly useful for analysing capital expenditure. For example, if, as is usual, the expenditure needs to be analysed by loan sanctions, the first pair of numbers would indicate the fund or main heading of account, the second pair the loan sanction, the third pair the sub-account, while the last pair would be used for any further analysis required. A distinguishing symbol, a letter either at the front or end of the code, would indicate capital items as distinct from revenue items. To preserve the uniformity of the code, a letter followed by seven numbers could be used for capital jobs; for example, "B.7653921" might denote "housing" (B); "loan sanction . . ." (76); "erection of block C" (53); "roofing" (92); "labour" (1).

Such a code system enables the annual budget to be prepared exactly in accordance with the accounts. The annual compilation of estimates is facilitated by having to hand the figures for the previous year in precisely the same form as required for the budget. It is also simple to include in the annual abstract of accounts the corresponding estimate for each item of account.

The same form of code can be used for items of income, the symbol for the main fund or account corresponding with that for expenditure. There should be no fear of mixing income with expenditure, for separate tabulations would be used for posting the ledgers.

Income Tax: Credit Traders and Hire Purchase

WHEN HIRE PURCHASE has featured so much in the news, it is well to review the tax position.

The term "credit trader" is used in this article as meaning a trader who sells goods under some kind of agreement whereby the purchaser pays by instalments, as distinct from an ordinary sale on credit, where the debt is payable in one sum within the period of credit usual in the particular trade.

The first problem is one of accountancy rather than of income tax law: how to spread the profit over the term of the agreement and what provision to make for bad debts. The accounts should be kept so as to show the profit earned in each period. It is essential at each balancing date to make a proper estimate of the bad and doubtful debts.

For credit drapers, a scheme of valuation of debts, known as the "Nottingham Scheme," has been agreed between the trade and the Revenue authorities. As is the case with all such agreements, the scheme is optional and is subject to the approval of the assessing Commissioners, but if the taxpayer adopts the method of valuation provided thereby, the Revenue consider it binding on them. The scheme applies only where the period of credit (excluding any period of grace) does not exceed forty weeks.

Briefly, this scheme provides as follows:

(1) In the case of an account where the sale of goods was made during the last thirteen weeks prior to stocktaking, the debt is considered wholly good.

(2) Where no sale took place during such thirteen weeks but cash was received in that period, the debt is to be valued at the lower of these amounts:
  (*a*) The debt outstanding, or
  (*b*) the total amount of cash received in respect of the account in the twelve months preceding the date of stocktaking.

(3) In the case of accounts where there have been neither cash nor goods transactions within the thirteen weeks prior to stocktaking, the balances are regarded as valueless, that is, as bad and doubtful debts.

(4) All amounts recovered on account of bad and doubtful debts must be brought into account when payment is received.

(5) Where a journey, book or round is sold, the valuation of the debts sold is to be adjusted as follows:
  (*a*) The whole of the debts sold as good debts must be shown in the accounts of both trader and purchaser at the amount realised, but excluding—
    (i) any sum realised by a sale in excess of 20s. in the £ on the debts taken, and

(ii) any sum specified in the sale agreement as a payment of a definite amount for goodwill.

(*b*) Any bad and doubtful debts actually sold must be shown at the actual figure at which they are transferred.

(6) In the first year in which this scheme is adopted, both opening and closing reserves are to be computed in the above manner, any reserve brought forward on some other basis being ignored.

(7) The accounts of the trader must be duly certified by a "fully qualified accountant" and accompanied by his certificate that he has prepared the valuation of book debts strictly on the lines of the scheme. The valuation sheets must be available for inspection by the Inspector of Taxes where deemed necessary.

The above arrangement is a compromise designed to reduce to a minimum disputes between the taxpayer and the Revenue. If special circumstances make some other basis more practicable, or the agreement does not come within the terms of the scheme, the taxpayer must estimate the amount of the bad and doubtful debts on the most reasonable basis. So long as the reserve is a proper one against specific debts, it must be allowed. A reserve calculated by some "rule of thumb" method, such as a percentage on all outstanding debts, is expressly disallowed by Section 137 (1). In general terms, the profit, subject to the reserve for bad and doubtful debts, is deemed to be earned when the agreement for sale is made.

In the case of other agreements for sale by instalments, the accounts should be kept by one of the many recognised methods whereby the profit earned in the period is disclosed. If there is an outright sale, to be paid for by instalments, the profit is earned at once, but the interest included should be spread over the period of the agreement, either by exact calculation for each transaction, or, as is usually unavoidable, by bulk calculations. Under the latter system, when the sale is made the cash selling price is credited to the trading account and the interest is credited to an interest suspense account. There is then calculated the percentage of the total interest which is earned in each period, and that percentage is transferred to the credit of profit and loss account at the end of each year. This system naturally involves a separate suspense account for each year's transactions. Thus, if the instalments are due quarterly for three years and interest is taken into account at 10 per cent. per annum, it will be found that 52·4 per cent. of the interest is earned in the first year, 33·9 per cent. in the second year and 13·7 per cent. in the third year. Assuming that the sales are evenly spread over the accounting year, it will be seen that the average contract entered into in the year ending December 31, 1951, commenced on July 1, 1951, and will terminate on June 30, 1954, giving a "spread" of the interest as follows:

	Per cent.
1951 ½ of 52·4 per cent.	26·2
1952 ½ of 52·4 per cent. + ½ of 33·9 per cent.	43·1
1953 ½ of 33·9 per cent. + ½ of 13·7 per cent.	23·8
1954 ½ of 13·7 per cent.	6·9
	100·0

In 1954, therefore, there will be credited to profit and loss account:

6·9 per cent. of the 1951 interest

23·8 per cent. of the 1952 interest

43·1 per cent. of the 1953 interest

26·2 per cent. of the 1954 interest.

Such sales are usually seasonal, however, and the average date method should be adopted in determining the percentages, which should be checked from time to time.

In the case of hire agreements, the same method may of course be adopted, but it is usually more satisfactory to employ the system whereby credit is taken only for profit on instalments due in the accounting period, the instalments not due being treated as "stock in the hands of customers" and reduced to cost price by eliminating the profit and interest included therein.

Under the scheme agreed between the Revenue and the Hire Traders' Protection Association, the total amounts payable under hire-purchase agreements are credited as sales when the agreement is made. At each stocktaking date, the outstanding balances are valued at their nominal value, less a reserve for the proportion of gross profit (including interest) included therein, ascertained by (*a*) analysing each sale or (*b*) taking the rate of gross profit for the previous year, without taking into account reserves.

In the year in which the arrangement is first adopted, the reserve brought forward from the preceding year must be brought into credit, no matter on what basis it was calculated. Thereafter the reserve brought forward from the preceding year is credited and the new reserve debited. Any debts known to be bad are written off as usual and a reserve against specific doubtful debts allowed. The books of account must, of couse, be maintained on the same basis. Care must be taken to write off any loss arising when goods are returned or taken back. These goods must be brought into account at their value.

In very many cases the hire agreements are transferred to finance houses, which makes the position much easier. In that event, the profit is normally regarded as earned at once, but it is necessary to make provision for specific doubtful debts where the agreement with the finance house provides that the trader is responsible. Where a bonus system is in force, it is better to take credit for the bonus only as received.

It should be emphasised that the problem is to arrive at the profits of the accounting period, and that is a matter of accounting. In arriving at such profits, it is necessary to reserve for unrealised profits and for doubtful debts. So long as these reserves are calculated on a proper basis, there is no difficulty in agreeing the profits with the Inspector of Taxes. Disputes arise where the principles applied are defective, or an attempt is made to create reserves against debts generally and not specifically. In other respects, few difficulties are experienced except where the accounting is defective.

Taxation Notes

Appeals

At this time of year, protective assessments are made for the year 1948/49 where omitted income is suspected. Some of these assessments may be thought to be out of date because the date appearing on the notice is after April 5, 1955. It will be found, however, that the assessment was made before April 6; the date on the notice is the date of its issue. Care must be taken to get the necessary appeal in in due time.

Date of commencement of business

Much importance attaches to the date on which a business is deemed to commence, particularly in determining the date on which capital allowances commence. For E.P.L. years, this had much importance where a new business was started by an existing concern. Today, it is also important as regards the investment allowance for income tax. Basically a question of fact, the date of commencement is the date on which trading or its equivalent actually begins.

In *Birmingham & District Cattle By-Products Co.* v. *C.I.R.* (12 Tax Cases 92), the first three months of the company's existence were devoted to erection of works, installation of plant and entering into agreements relating to the purchase of products to be used in the business and to the sale of finished products. It was held that the business did not commence until the date on which the installation was completed and the company commenced to receive raw materials for the purpose of manufacture into finished products. "Preparing to commence business is not commencing business."

In the case of a retailer, the question is: "When did he begin to keep open shop?" Where a business has been carried on abroad, and control is transferred to this country, e.g., by the person carrying it on becoming resident here, it cannot be treated as set up and commenced when it is first brought within the scope of Case 1 of Schedule D; it must be assessed on the basis of past profits, although at the time they were made it was not chargeable to British tax (*Fry* v. *Burma Corporation*, 15 Tax Cases 113).

On a change of ownership of a business (except in partial partnership changes where a claim is made for continued assessment on the previous year basis), the business is, for income tax purposes, regarded as discontinued and recommenced. The date of change is a question of the date of *de facto* succession (*Todd* v. *Jones*, 15 Tax Cases 396). Normally the date of the vending agreement fixes the date of change; but evidence may be forthcoming that the agreement is merely a formal ratification of what has, in fact, been done at an earlier date, although a purchase cannot be dated back for tax purposes. Proper evidence is essential to prove an alleged transfer; change of name is not sufficient by itself (*Barry* v. *C.I.R.*, 18 Tax Cases 193).

Capital Allowances and Leased Plant

Where machinery or plant is let on such terms that the burden of the wear and tear falls directly on the lessor, he is entitled to claim an annual allowance on account of the wear and tear of so much of the machinery or plant as is in use at the end of the year of assessment. If the letting was for less than the whole year, only the proportionate allowance is made (Section 298). The basis period is the year of assessment and the allowance is given primarily against income from the letting (Section 301). The right to investment allowance or initial allowance, as may be appropriate, and the provisions as to balancing allowances or charges, also apply (*ibid.*).

If the machinery or plant is let on the terms of the lessee being bound to maintain it and deliver it over in good condition at the end of the lease, so that the wear and tear falls on him, the lessee is entitled to annual allowances on so much of the capital expenditure on the provision of the asset as the assessing or appellate Commissioners regard as just and reasonable (Section 299). In such a case, if the lessor is carrying on a trade of letting out machinery or plant, he will be entitled to the investment allowance or initial allowance, as may be appropriate. If he is not carrying on a trade, it seems from the wording of Section 279 that these allowances could not be claimed.

In what year does Income have to be included in Total Income?

Income which requires assessment is income of the year of assessment. This includes the actual net annual value of property under Schedule A; the assessment under Schedule B (one-third of the gross annual value); the income from employments assessed under Schedule E, again on the income of the year; and all income assessed under Schedule D, most of which is normally on the "previous year" basis. Excess rents and other Case VI items are strictly assessable on the actual income of the year unless the assessing Commissioners take some other basis not exceeding one year's average.

Income taxed at source before receipt is normally income of the year at the rate of tax for which the income has been taxed by deduction. In the case of income from which tax is deducted under Section 169, this is the rate appropriate for the year in which the payment became due. Section 170, however, provides that annual payments made otherwise than out of profits brought into charge to tax are liable at the rate of the year in which they are paid. The circumstances of the payer therefore affect the tax liability of the payee.

The words "became due" appear to refer to the date the payment became payable as a matter of law, rather than payable in fact according to the availability of funds (*re Sebright: Public Trustee* v. *Sebright* [1944], Ch. 287). In this case, an annuity fell into arrears for several years. Later a

fund became available. It was held that income tax was deductible at the rates in force when the payments became due, not when the fund became available. It is thought that the decision would have been different if the payment had been under Section 170.

Actual receipt is necessary to make income part of the taxpayer's total income; interest receivable is not income until it is received. On receipt, income taxed by deduction under Section 169 goes back to the years in which it became due; income taxed under Section 170 remains in the year in which it is in fact paid (as that determines the rate of tax and therefore the date it becomes income).

Dividends from companies are income of the year of assessment in which they are declared payable, since that is the due date for payment. The period of earning is irrelevant.

Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

Sur-tax

Undistributed income of company—Direction that the income of the company should for sur-tax purposes be deemed the income of its members—Appeal against direction—Onus of proof—Whether right and duty of Crown or appellant to begin and adduce evidence—Income Tax Act, 1918, Section 137—Finance Act, 1922, Section 21, Schedule I—Finance Act, 1941, Section 35.

C.I.R. v. Transport Economy Ltd. (Ch. December 21, 1954, T.R. 417) was a case which, as Upjohn, J., said, raised a question of some importance. The company was a trading company the assets of which were taken over by the Transport Commission on April 5, 1949. The company's accounts were made up to March 31. At its annual general meeting in August, 1949, no dividend was declared for the year to March, 1949. The accounts for that year had been submitted to the Special Commissioners and the latter had made a direction under Section 21 of the Finance Act, 1922, that the income of the company for the year should, for the purposes of sur-tax, be deemed to be the income of its members. The company had appealed against the direction; and, on the case coming before the Special Commissioners in their appellate capacity, counsel for the respondent company contended that the onus of proof that the direction was justified lay on the Crown and that it was for the latter to begin and produce its evidence in support. The Crown, however, argued that the onus of proof that the direction was not justified lay on the company and that it was for the latter's counsel to begin and produce his evidence. It was common ground that the facts before the Special Commissioners at the time the direction was made were not of themselves sufficient to enable the Special Commissioners to determine whether or not the direction should have been made. The Special Commissioners, relying upon *Thomas Fattorini (Lancashire) Ltd.* v. *C.I.R.* (1942, A.C. 643; 19 A.T.C. 233 and 331; 24 T.C. 328), had decided that the onus above-mentioned lay upon the Crown. The Crown's representative thereupon intimated that he did not intend to call any evidence, and the Special Commissioners had then discharged the direction. The Crown's appeal was from their decision, but Upjohn, J., held that it was correct.

To prove a negative is notoriously difficult and often impossible; and for one's opponent to have to do so is often half the battle. The Revenue, appreciative of its privileged position in regard to ordinary income tax appeals, is naturally disposed to look upon it as the right and proper relationship between itself and the taxpayer even in cases where it is sought to apply enactments of penal character. That a person should be deemed innocent until proved guilty where his liberty is at stake is a principle which is of necessity applicable only with reservations where income tax and not liberty is concerned. The case under review was concerned with these reservations. Taxation at the source at the standard rate is the basic principle of the United Kingdom tax applied to all which is "income" for income tax purposes; but taxation at destination is obviously more suitable where it is a question of applying additional rates of tax to the incomes of the more wealthy members of the community. Unfortunately from the Revenue standpoint, income taxed at the source is all too apt either to stay there or to change its character and cease to be "income" before it reaches its ultimate destination and so, apart from special legislation, it fails to come within the ambit of sur-tax. The form of a private company—although small public companies serve equally well—lent itself admirably to this form of avoidance, and Section 21 of Finance Act, 1922, with its subsidiary legislation, was enacted to prevent or curtail the large loss of sur-tax involved. For some reason or other, the Revenue attack has been limited to companies controlled by not more than five persons: this restriction would seem to be purely arbitrary. By Section 21(1), when in the case of such a company it appears to the Special Commissioners that:

> any company . . . has not within a reasonable time after the end of any year or other period . . . for which accounts have been made up, distributed to its members in such a manner as to render the amount distributed . . .

liable to sur-tax in the hands of its members, the Special Commissioners may by notice in writing make a direction that for purposes of assessment to sur-tax the income of the company for the period in question shall be deemed to be the income of the members and be apportioned amongst them. The word "members" has been given a wider than normal meaning.

By paragraph 1 of the First Schedule to the 1922 Act:

> . . . the provisions of the Income Tax Acts relating to appeal against assessments shall *with any necessary modification* apply for the purposes of an appeal under this provision.

This paragraph admittedly brought in Section 137 of the Income Tax Act, 1918. Before, however, considering its provisions it is to be noted that, once an income tax assessment has been made by the appropriate Commissioners, upon any appeal against it the onus of proof is upon the taxpayer and necessarily so. This has been established in several cases. In *Dixon and Gaunt Ltd.* v. *C.I.R.* (1947, 29 T.C. at page 293), Atkinson, J., said:

> there was very good reason for putting the burden on the taxpayer of proving

that assessments for income tax were too high, because otherwise the taxpayer would only have to keep no books, no banking account, insist on being paid in Treasury notes, and no one living could ever prove what his income was, or establish any liability to income tax.

The crux of the matter in the present case lay in Section 137(4) of the 1918 Act, which reads:

> If on an appeal it appears to the majority of the Commissioners present at the hearing, by examination of the appellant on oath or affirmation or by other lawful evidence, that the appellant is overcharged by any assessment or surcharge, the Commissioners shall abate or reduce the assessment or surcharge accordingly, but otherwise every such assessment or surcharge shall stand good.

Upjohn, J., said that the *Fattorini* case

> clearly decided that upon the conclusion of all the evidence the burden is fairly and squarely upon the Crown to establish that the company unreasonably withheld its income from distribution in the years in question. The burden does not lie upon the company to prove that the direction under Section 22 is not justified.

and it was agreed before him that in the case last mentioned the House of Lords was not considering the question of "onus of proof in the sense of the right and duty to begin." For the Crown it was argued that the incorporation of the provisions of the Income Tax Acts relating to appeals necessarily brought in Section 137(4) of the 1918 Act and so necessarily threw the right and duty to begin upon the company. Secondly, it was said that upon general principles the company was bound to begin. Upjohn, J., said that on the face of it Section 137(4) had no bearing upon a direction as it dealt with assessments and surcharges; but it was argued that by virtue of paragraph 1 of the First Schedule to the 1922 Act the sub-Section is to be read with "any necessary modification." As to these words, he said that the modification permitted must be necessary and not merely convenient to the Crown:

> Of course it would be convenient to the Crown to have Section 137(4) made applicable to a direction, for then, it would no doubt fall to the company . . . to displace the direction just as in the case where the subject appeals against an assessment.

According to the Crown, he said, the only modification necessary was to write "direction" for "assessment or surcharge"; but one could not speak of an overcharge by direction, nor could the Commissioners abate or reduce the direction. They could only confirm, annul or discharge it. Nothing, he declared, was sufficient for the Crown except such a drastic rewriting of the sub-Section as was not permissible in a taxing statute, even in the guise of "a necessary modification."

Upon the Crown's second point that, the proceedings being by way of "appeal" from the assessing Commissioners, on general principles the company should open the appeal as in other appeals, e.g. to the Court of Criminal Appeal, Upjohn, J., said:

> With all respect that submission is based on a fallacy, for there is nothing in the nature of a hearing before the *assessing* Special Commissioners; the company is not heard or even present . . . Further (as was stated to be the fact in this case by counsel before the Special Commissioners) the company is often unable to obtain from the assessing Special Commissioners any statements of the grounds upon which they sought to justify the direction. . . . It is impossible to apply to an appeal from such a proceeding the rules which apply to appeals from judicial hearings in the ordinary sense.

Applying the *Fattorini* principle, he said that before the appellate Commissioners the burden of justifying the direction was upon the Crown, and if no or insufficient evidence was called the direction must be discharged. The right and duty to begin therefore rested on the Crown. In support of what he described as an "elementary proposition" he cited a dictum by Atkinson, J., in *Dixon and Gaunt* v. *C.I.R.* (1947, 26 A.T.C. 106; 29 T.C. 289), a case under Section 35 of the Finance Act, 1941, the object of which Section was to counteract transactions for avoiding or reducing liability to excess profits tax. In substance, Atkinson, J., had said that the question whose was the right and duty to begin depended upon the answer to the question: "If no evidence is given, who wins?" and Upjohn, J., in dismissing the Crown's appeal, expressed his view that the same principles would also apply to a re-hearing of an appeal against a direction before the Board of Referees under Paragraph 2 of the First Schedule to the Finance Act, 1922. This *obiter* opinion he hoped "may prove to be of assistance."

At the conclusion of his judgment, he said that the strict procedure need not be followed where it was agreed betweem the parties that it would be more convenient to follow what had been the usual practice, i.e. for the company to begin, and declared that there was nothing in his judgment to be taken as rendering this course in the least degree improper, although when all the evidence had been heard the onus of justifying the direction would still lie upon the Crown. He refused the Crown's application for the case to be sent back for re-hearing by the Commissioners as had been done in the *Dixon and Gaunt* case, but said: "I confess I did not look at this part of the case very carefully," and as it is difficult to see any difference of principle between them, it may be that his conclusion would have been otherwise if he had. The rest of the judgment would seem to be of the high standard expected of him.

Income Tax

Foreign taxes—United Kingdom company owning Indian business—Indian business acquired by Indian Government—Indian income tax and Indian profits tax arrears—Company's assets held in United Kingdom—Liquidation of company—Whether liquidator justified in rejecting Indian Government's proof of debt—Companies Act, 1948, Section 302.

In re Delhi Electric Supply and Traction Co. Ltd. (House of Lords, January 20, 1955, T.R. 9) was noted in our issue of February, 1954, at page 64. The company had been incorporated in 1906 for the purpose of carrying on an electricity supply and a tramway undertaking under licence from the Municipality of Delhi. Having carried on its undertakings in India until 1947, the company in that year had sold the whole of them to the Government of India as from March 2, 1947, for Rs. 82,11,580. The greater part of this sum had been paid in India on March 1, 1947, and had been remitted to England shortly afterwards. The balance had been paid in India in September, 1948, and remitted to England shortly afterwards. On May 25, 1949, the company went into liquidation.

On April 18, 1947, the Indian Income Tax and Excess Profits Tax (Amendment) Act, 1947, had been passed and a new section, Section 12B, had been inserted in the Indian Income Tax Act, 1922, the opening words of the new Section being as follows:

> The tax shall be payable by an assessee under the head "Capital gains" in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset effected after 31st day of March, 1946, and such profits shall be deemed to be income of the previous year in which the sale, exchange, or transfer took place . . .

and it was enacted that the amendment was to be deemed to have come into force on March 31, 1947. On October 24, 1951, the Commissioner of Income Tax in India served a notice on the company calling upon it to pay Rs. 16,54,945, which consisted mainly of Rs. 15,62,817 tax on the surplus on the sale of the undertakings. Eventually, the demands culminated in claims on the liquidator aggregating Rs. 15,75,818, or £120,000, although the correct quantum of the assessments was still under appeal in India. The question before their Lordships was whether Vaisey, J., and the Court of Appeal had been right in rejecting the claim of the appellant to prove in the liquidation of the company for income tax due from the company under the Indian income tax law. Their Lordships were unanimously of opinion that they were.

Two questions fell to be answered: (*a*) whether there was a rule of law which precluded a foreign State from suing in England for taxes due under the law of that State and (*b*) whether, in the event of there being such a rule, a claim for Indian taxes was, nevertheless, a "liability" within Section 302 of the Companies Act, 1948, which the liquidator had to discharge. On the first question, it was also contended that even if there was such a rule of law it had no application as between countries within the British Commonwealth of Nations. This argument found no favour with any judge of the nine before whom the case was argued, although it was recognised that as between the member States of a federal union the position might be different and be determined by the relationship. In the course of the passage of the case through the three Courts the history of the rule found to be proved was exhaustively investigated, nevertheless, it is no detraction from the value of the judgments to say that in substance they would seem to be that of Vaisey, J., "writ large."

On the origin of the rule of law, Lord Simonds observed:

> My lords, the history and origin of the rule, if it be a rule, are not easy to ascertain, and there is, on the whole, remarkably little authority on the subject. I am inclined to agree with the Court of Appeal that the early cases . . . do not give much help. It is otherwise when we advance a few years to the age of Lord Mansfield. That great judge in a series of cases repeated the formula "For no country ever takes notice of the revenue laws of another."

In the case under review, it seems that counsel for the Indian Government admitted that he knew of no case in which a foreign State had recovered taxes by suit in this country, nor of any case in any foreign country in which the government of this country had done so.

From the many cases cited during the hearings the most important *dicta* of recent times were from two judgments by Rowlatt, J., and Tomlin, J., as he then was, respectively. In *King of the Hellenes* v. *Brostrom*, (1923, 16 Lloyd List, Rep. 167), the former said:

> It is perfectly elementary that a foreign government cannot come here—nor will the Courts of other countries allow our government to go there—and sue a person found in that jurisdiction for taxes levied and which he is declared to be liable to by the country to which he belongs.

Whilst in *In re Visser* (1928, Ch. 877), Tomlin, J., declared:

> My own opinion is that there is a well recognised rule, which has been enforced for at least 200 years or thereabouts, under which these Courts will not collect the taxes of foreign states for the benefit of the sovereigns of those foreign states; and this is one of those actions which these Courts will not entertain.

As regards the argument based on Section 302 of the Companies Act, 1948, the majority opinion in the House of Lords agreed with the findings of the lower Courts that the "liabilities" for which the liquidator had to provide were those which were legally enforceable and that the position of foreign revenue claims was closely analogous to that of statute-barred debts. Upon this aspect of the case, Lord Keith took a somewhat different route in coming to the same end:

> I do not find it necessary to give the word "liabilities" different meanings in the various Sections. In particular, in Section 278 (1) (*c*), Section 283 and Section 302, it can, in my opinion, bear the same meaning. I find it impossible to hold that assessment to Indian income tax does not impose a liability on the company. . . . If there were assets of the company in India attached or attachable for the tax, no one could doubt it was a liability. It cannot cease to be a liability because the Indian assets have all been brought to this country. It is, in my opinion, a liability within the meaning of Section 302. . . . Let me take the position before the date of the resolution for winding-up. The company could have paid the tax if so minded. Equally, it could have refused to pay the tax. If it had been sued, the action would have been dismissed. That would not have extinguished the liability. The liability would have remained exactly as before. But if, after the dismissal of the action, the company went into liquidation, can it be that a duty then emerges on the liquidators under Section 302 of the Act to pay the tax which has been successfully resisted by the company before the winding-up started? I can see no ground for so holding.

The case is of great importance as a final decision upon a point not only of considerable fiscal importance but of even greater importance as affecting international relationships. The present rule of law undoubtedly results in some very serious cases of tax evasion. But if a foreign government pursuing a policy of "soaking the foreigner" were able not only to confiscate in one manner or another all the assets of an undertaking in so far as they were within its jurisdiction but could also sue here for taxes alleged to be due, this would introduce a new and potentially serious irritant into international relationships.

Tax Cases—Advance Notes

By H. MAJOR ALLEN

COURT OF APPEAL (Evershed, M.R., Jenkins and Morris, L.JJ.).

Gahan v. Chloride Batteries Ltd. February 18, 1955.

The decision of Upjohn, J., was reported in ACCOUNTANCY for February, 1955, at page 66.

The Court of Appeal unanimously reversed the decision of Upjohn, J. Leave to appeal to the House of Lords was given.

Heelex Investments Ltd. v. C.I.R. February 18, 1955.

This case was noted in ACCOUNTANCY for January, 1955, at page 28.

The Court of Appeal unanimously affirmed the decision of Upjohn, J., and refused the Crown leave to appeal to the House of Lords.

Butterley Colliery Co. Ltd. v. C.I.R. March 10, 1955.

This case was the subject of a note in ACCOUNTANCY for November, 1954, at page 429.

The Court of Appeal unanimously reversed the decision of Roxburgh, J.

Leave to appeal to the House of Lords was granted.

The Student's Tax Columns

PERIOD OF COMPUTATION OF PROFITS

WITH FEW EXCEPTIONS the deductions allowable in computing the amount of the profits to be charged to tax under Case I or Case II of Schedule D are found by reference to rules in negative terms, e.g. Section 137 of the Income Tax Act, 1952, lists items which are not to be allowed. Having arrived at what are usually termed the "adjusted profits" of the accounting period we then have to look at the "period of computation" which forms the basis of the assessment, and we find that this is laid down in various Sections.

New Business

In the year of assessment in which the business starts, the period is the actual one from the date of commencement to April 5 following. What the Act says is: "the computation of the profits . . . shall be either on the full amount of the profits . . . arising in the year of assessment (or according to the average of such period, not being greater than one year, as . . . may be directed by the Commissioners)" (Section 128). The words we have placed in brackets can be ignored for most practical purposes.

In the second year of assessment, the computation must be on the profits of one year from the commencement. Unless a business started on April 6 and made up accounts to April 5, the profits shown by the accounts will need to be apportioned on a time basis (in months and fractions of months) to fit the first year. Likewise, if the first accounts are for less than a year, there must be added out of the profits of the second accounting period enough to build up one year from the commencement.

Thereafter, the computation is to be normally on the profits of the previous year (Section 127).

For the second and third years of assessment, the taxpayer has the option of having the assessment based on the profits of each of those years (i.e. April 6 to April 5). If he so claims, he is bound to the "actual" basis for both years; he cannot have one on the "normal" basis and the other on "actual" (Section 129).

The profit of the previous year is found by reference to the accounts. The rules laid down are that the accounts must:

(1) End in the previous year of assessment, and
(2) Be for a period of twelve months, and
(3) Be the only accounts ended in that year, and
(4) Have started where the accounts forming the basis of the preceding assessment left off.

Should any of these four conditions not apply, e.g. because of a change in the accounting date, the Commissioners of Inland Revenue are to decide what period of twelve months ended in the preceding year is to be the basis of the assessment and may adjust the assessment of the preceding year on a corresponding basis (Section 127).

Discontinuance

On a discontinuance of business (which includes a change of ownership*), the assessment of the last year of assessment is computed on the actual profits from April 6 to the date of discontinuance (or sale, etc.). The Revenue then have the right where relevant to increase the preceding year's assessment to the actual profits (from April 6 to April 5), found by apportioning accounts as may be necessary. The taxpayer has no corresponding right of reduction (Section 130).

*In certain partnership changes where at least one partner continues, the preceding year basis may be claimed; and on certain company reconstructions without real changes of ownership of the Ordinary share capital, the previous year basis automatically continues.

Illustration.—Business started May 6, 1947. Accounts made up as follows:

8 months to Jan. 5, 1948		Profit	£900
12 " " "	1949	"	1,000
12 " " "	1950	"	1,100
12 " " "	1951	"	1,200
6 " " July 5,	1951	"	800
12 " " "	1952	"	2,000
12 " " "	1953	"	1,900
10 " " May 5,	1954	"	2,400

On the last date, the business was sold to a company.

The assessments (ignoring capital allowances) would be:

1947–48
Actual £900+3/12×£1,000 = £1,150
1948–49
First year £900+4/12×£1,000 = 1,233
1949–50 Previous year 1,000

These last two would be revised to "actual" (if so claimed) as follows:

1948–49
9/12×£1,000+3/12×£1,100=£1,025
1949–50
9/12×£1,100+3/12×£1,200=£1,125

For the two years, the claim would show an advantage—though the effect on capital allowances should also be considered. (Sometimes, where the standard rate changes, there is an advantage even if the aggregate of the amended assessments exceeds that of the original ones, because of a drop in one year at a higher rate than the applicable increase in the other).

1950–51 Previous year £1,100
1951–52 do. 1,200
1952–53 Here the rules are broken and the Revenue would ask to what date were accounts to be made up in future, being told July 5. They would then proceed as follows:

Profits for year to July 5, 1951
6/12×£1,200+£800=£1,400
Corresponding period for 1951–52:
Year to July 5, 1950.
6/12×£1,100+6/12×£1,200=£1,150

The taxpayer has a right of appeal against the £1,150.

In some cases, another figure might be substituted for the £1,150 so as to keep the accounts in step with the average earnings. It would not apply here and is therefore not illustrated.

1953–54 Previous year £2,000

The actual profit for 1953–54 was 3/12×£1,900+9/10×£2,400=£2,275, and the assessment will be increased accordingly.

1954–55 Actual 1/10×£2,400 £240

(To be continued)

The Month in the City

Four and a Half Per Cent.
In the second half of February the talk of the need for a further rise of Bank Rate increased, and quotations in most sections of the stock market continued to fall until February 24, when, instead of the "other half," the rate was raised by a full point to 4½ per cent. By that time such a possibility had been discussed but was not widely expected. As a result equities dropped seven points on the day or some 3½ per cent., and the Funds almost as much. This was in direct contrast to the reaction to the earlier rise, discussed in last month's issue. The fall was perhaps accentuated by the fact that special steps were taken to restrain hire purchase and also by the decision of the authorities to use some part of the gold reserve to support sterling in the off-white markets. In practice the only market, other than the official one, where action has been taken is in transferable sterling, but other unofficial rates have responded. In making the announcement, Mr. Butler stated that the reason was the need to restrain domestic spending, which, as had been evident for some time, was competing unduly with exports. The timing of the decision may, however, have had a good deal to do with the fact that imports in January and February were running away with a great deal too much foreign exchange. Speculators at least seem to have believed that the action portended a sharp fall in domestic trade and to have been very doubtful whether this could be made good by larger oversea sales. Even if this happy result emerged, it was improbable that profits on exports would be as high as those in the home market. However, a little reflection suggested that wage packets were either already well up or due to be increased and that the people mostly concerned did not seem unduly perturbed by the reduction in hire-purchase credit and the imposition of rather stricter terms. Finally it was made clear that no special instructions had been given to the Capital Issues Committee, or to the banks, to restrict credit for any other purpose.

Rally and Collapse
The net effect of all this was to produce a rally in industrial Ordinary shares and, even earlier, some improvement in the Funds. While the latter never recovered to their level on the eve of the rise in Bank Rate, the former were by the end of the first week in March more than one per cent. above that point. But by this time it was becoming apparent that pressure was being exerted upon the money market. On the last day of that week and four of the first five of the next the market was "in the Bank" for modest amounts, and under the lead of the shorts there was a slight relapse in the Funds and in most other sections. Then the political side of matters took the situation in hand. A clear split in the ranks of Labour brought to the fore once more the possibility of an early general election. This, coupled with weakness on Wall Street and what looked like an accentuation of trouble in the Far East, produced a sharp fall in equities, helped no doubt by the fact that there were still some small positions open on borrowed money. By March 10, the indices of the *Financial Times* showed the following falls as against their level of February 17: Government securities from 100·30 to 99·40; fixed interest stocks from 112·14 to 109·38; industrial Ordinary shares from 193·5 to 181·4; and established gold mines from 92·79 to 88·90.

Money and Exchanges
Meanwhile the rate for Treasury bills at the weekly tender, which had risen to just over 2 per cent. prior to the January rise in Bank Bate, went above 3¾ per cent. on the February increase and rose a trifle further in the subsequent week. Fine bank bill quotations which had ranged from 2$\frac{11}{32}$ to 2½, according to life, rose to 3$\frac{15}{16}$ to 4. Money rates were marked up correspondingly, and with the market in the Bank the quantity borrowed increased at rates which fluctuated freely from day to day. These facts, with a tendency for the New York bill rate to decline, brought a considerable influx of balances, but as these were fully covered by forward sales it is doubtful whether they did a great deal of good. In any case the gold reserve fell by $82 million during February, and it is said that a considerable proportion of the total loss occurred in the closing days of the month and was associated with the support of transferable sterling. That rate has, however, been bid up to a level at which commodity shunting no longer pays. Spot sterling on the official market has also improved but, inevitably in the circumstances described above, at the expense of the rise in the premium on the forward dollar. It is, of course, far too early to attempt an assessment of the effects of tighter money policy but it seems that it is being pursued with some energy.

New Issues
By an unfortunate accident for the issuing houses concerned and their clients, the rise in Bank Rate immediately preceded two or three issues of fixed interest stocks, most of each of which was left with the underwriters. In the case of the offer of Ordinary shares in the General Electric Company, however, the margin was much more than sufficient to cover the decline, and with applications for additional shares the total was covered one and three-quarter times. Meanwhile, despite the fall in values it became apparent that the *Iron and Steel Holding and Realization Agency* were not to be deterred in their task of re-selling to the public some at least of their remaining holdings, and in due course the whole of both loan and share capital of *Thos. Firth & John Brown* was offered to the public. The bulk of the equity capital in this concern had been held by John Brown & Company and the rights to special treatment were transferred to holders of the equity in that concern. This was another issue by a single house, Hambros Bank, and with normal underwriting arrangements. The terms were fixed around March 7 for an offer on March 17 and at the time of writing the result remains doubtful.

Ford Motor Results
At the turn of the month the market received a fillip from the results of the *Ford Motor Company* for last year. These show a 20 per cent. increase in turnover, to the huge figure of £127 million, and a rise in group profit from just under £18 million to over £22,600,000. The net profit is up from over £5,500,000 to almost £9,900,000. A good deal of the change is attributable to the disappearance of E.P.L. and a further slice to the inclusion of the earnings from the new subsidiary, Briggs Motor Bodies. The total Ordinary dividend is raised from 12 to 15 per cent. at the cost of some £320,000 net and the bulk of the additional profit is added to the carry forward, raising it to £9,370,000. A 20 per cent. rise in output means of course that current production is well above the 1954 average and it is understood that the number of units produced already shows a 16 per cent. increase over that average. Whether this rate of expansion can be maintained may be doubted, but if the present level can be held the result will be very satisfactory.

Readers' Points and Queries

Investment Allowance—Treatment in Accounts

Reader's Query.—I shall be obliged if you will comment on the treatment in accounts of investment allowance on machinery and plant. I have noticed in a recent report of an annual meeting that it was stated that the allowance had been charged to appropriation and credited to reserve.

There also arises the case where renewals are allowed as a charge and qualify for the allowance.

Reply.—As the investment allowance is a "once for all" relief it is a matter for each company to decide for itself how it will treat this amount. Some companies may prefer to treat the income tax and profits tax on the allowance as a reduction in the cost to them of the asset itself. Others may prefer to treat it as suggested by crediting it to a reserve. In either case, it should be the tax and not the allowance itself which should be debited to appropriation account and credited to the asset account or to the reserve. If it is credited to the asset account, in due course, when a balancing allowance or balancing charge arises, the amount of the tax on the investment allowance will go to reserve.

Other companies simply take the viewpoint that the tax is a reduction of their income tax liability and make no adjustment. If the amount is material it is thought that it ought to be stated separately or by way of note in the accounts.

There is no difference in principle where renewals are allowed as a charge and it is thought the treatment should be the same.

Profits Tax—Effect of Capitalisation of Profits

Reader's Query.—A company increased its capital on March 10, 1951. Redeemable Preference shares were created, and it was resolved to accept from Miss X the surrender of her holding of Ordinary shares in exchange for allotments of (i) the same number of fully-paid redeemable Preference shares, and (ii) debentures of the company, carrying interest at the rate of 5 per cent. per annum, paid up by capitalisation of part of the company's revenue reserve. The debentures have been partly repaid in 1951 and 1952 and there will be further repayments.

(*a*) Is the repayment of the debentures to be regarded as a distribution and liable to profits tax at the higher rate?

(*b*) If so, should the amount repaid be grossed to arrive at the distribution?

(c) Is the chargeable accounting period that during which the debentures are repaid?

Reply.— *(a) Since the capitalisation of the profits for the purpose of paying up the issue of debentures occurred after April 6, 1949, the repayment of the debentures after April 10, 1951, is caught by Section 31, Finance Act, 1951, and must be treated as a distribution.*

(b) By virtue of the wording of sub-section (1), it is the sum applied in the repayment that must be treated as a distribution: there is no question of grossing it as if it were a net sum after deduction of tax.

(c) The chargeable accounting period must be that during which the debentures are repaid. It is only a dividend that can be referred to a period in respect of which it is paid.

Allowances on Car—Schedule E

Reader's Query.—As a student and keen reader of your journal I should appreciate your advice on the following matter.

I have been claiming a small income tax allowance in connection with use of my car in the course of my employment as an audit clerk. The former car has recently been sold and I have purchased a new one. A balancing charge will arise on the sale, and this will be set against the cost of the new car.

It is understood that the balancing charge so deducted is deemed to be an additional initial allowance on the replacement car as and when that, in turn, comes to be sold. Can I therefore claim the usual 20 per cent. initial allowance on the present car calculated on the net cost (i.e. gross cost less balancing charge on car sold)?

Presumably, it would be possible to claim the annual allowance on either the "reducing balance" method or "straight line" (fixed instalment) method, irrespective of whether or not the initial allowance is claimed?

As part of the cost of the new car will be on hire-purchase will the hire purchase interest payable be allowed as part of the annual car expenses claim over the period of the hire purchase agreement?

Reply.—It will be possible to claim the usual initial allowance on the cost of the new car less the balancing charge on the old one. The same proportion of the initial allowance will be granted as is given in respect of annual allowance. The taxpayer has the option of claiming either the reducing balance method or the straight line method.

Hire purchase interest is in no way part of the cost of running the car. Under Schedule D the taxpayer is usually given the option of claiming capital allowances on the total amount of the instalments, or of charging the hire purchase interest against the profits and claiming capital allowances on the balance. In Schedule E cases there is no possibility of getting relief for interest and, therefore, the cost of the car should be taken as the total of the instalments. There is nothing in the Act about this, but the Revenue appear to recognise that the taxpayer is incurring capital expenditure equal to the total cost of the car: because he cannot pay the cash down at once he has to pay more.

Wear and Tear Allowances

Reader's Query.—What are the rates of capital allowances made in the following trades?

Fish & Chip: Electric ranges, chippers, peelers and refrigerators.

Ladies' Hairdressing: Electric dryers and permanent waving machines, gas geysers and wavers, mirrors, basins, chairs and similar equipment.

General: Cash registers and scales.

(*Will readers give us the benefit of their experience?*)

Industrial Buildings Allowance and Agricultural Buildings Allowance

Reader's Query.—The above allowances have, from experience, been included with other capital allowances, and deducted from Case I assessments. In a recent case, being unable to agree

the earned income relief, the Inspector of Taxes was asked for an explanation. The reply states that these allowances relate primarily to Schedule A and thus do not restrict earned income relief by the amount of the allowances.

May I ask if this is a concession, or is it of recent effect? This is the first time this reason has been given, although many similar allowances have been claimed and granted without question in the past. I may add that the allowance has been granted against Schedule D, but the query relates purely and simply to earned income relief.

Reply.—The allowance for industrial buildings is governed by Section 270, Income Tax Act, 1952, which provides that the allowance is normally given in charging the profits of the business. In the case of lessors, the allowances are set against the income they derive from the property. Section 324 allows a claim to be made for any allowance to a lessor in excess of the income from the property to be set against other income. The claim must be made within one year of the end of the year of assessment.

The agricultural buildings allowance is governed by Section 314, which, in sub-section (6), provides that the allowance is to be made primarily against agricultural income and forestry income. Here again, Section 324 allows any excess to be set against other income if a claim to that effect is made.

Franked Investment Income—Capital Dividend

Reader's Query.—I shall be glad if you will kindly let me have your opinion on the following:

B. Ltd. (70 per cent. of the share capital being owned by A. Ltd.) pays a capital dividend of 8 per cent. and this amount is charged to profits tax at 22½ per cent.

A. Ltd., on receipt of its share, distributes the whole amount as a capital dividend to its members. The Inspector of Taxes wishes to charge a further 22½ per cent. on this amount as being a distribution by A. Ltd., but is not prepared to give any relief for the previous profit tax paid by B. Ltd. Does this distribution by A. Ltd. qualify for relief under Section 32 of the Finance Act, 1947?

Reply.—Franked investment income consists of income derived directly or indirectly by way of dividend or distribution of profits from a body corporate carrying on a trade or business to which the profits tax provisions apply. A capital receipt is neither a dividend nor a distribution of profits and, therefore, does not strictly fall within the definition of franked investment income. Indeed, it is not income at all.

Since, however, it has been treated as a distribution (not a distribution of profits) in the hands of the paying company, it would appear equitable that it should now be regarded as franked investment income and it is suggested that the case should be referred to the Board of Inland Revenue to see whether some concession cannot be made. The reply will probably be that it is not possible to identify the payment with the receipt.

Caravan Used for Business Journeys

Reader's Query.—My client attends fairgrounds both locally and at considerable distance from his home and business address in his occupation as china, glass and earthenware merchant assessed under Schedule D. He has purchased a caravan so that he does not incur hotel expenses, and capital allowances have been claimed. H.M. Inspector states that "if the caravan is used solely for living in it appears that it is essentially a private asset, and, therefore, no capital allowances are due."

The case presumably is similar to that of itinerant fairground proprietors, and I should have considered that the nature of the trade would have made part at least of the expenses allowable for tax purposes.

Reply.—It appears that the caravan is used solely for business purposes as distinct from being the home of the owner. If, when travelling on business, the proprietor stayed in hotels, the expenses incurred would be allowed, and it seems that there is no difference in principle in using a caravan on such occasions. Capital allowances, therefore, should be available. It should be pointed out to the Inspector that the caravan is not the home of the client.

Board and Lodgings

Reader's Query.—Dealing with a large agricultural community, the proprietor's current account is credited with the agreed sum of 41s. per week per male worker boarded and lodged, which amounts to £105 12s. per annum. Against this, the proprietor is charged £15 per annum per adult worker for farm produce consumed.

The Inspector maintains that the first £90 (£105 — £15) of private drawings must be expended on behalf of the employee, otherwise the charge to wages of £105 is not admissible. The effect is, or may be, to necessitate an increase in living expenses. The £90 may be necessary where only one man is maintained, but is £450 necessary where there are five employees? Can the Inspector's contention be resisted, or have your readers met with similar replies?

I may mention that other Inspectors allow the charge without an arithmetical calculation of the private drawings.

Reply.—The Revenue are naturally not bound to accept an arbitrary deduction. The actual expenditure on board and lodgings is the amount allowable under the Acts. It may be that when all the expenses, including those in connection with running the property, are taken into account, the allowance ought to be more or less than £105. If agreement cannot be reached the matter will have to be settled on appeal, as it is a question of fact. This is an instance where an interview with the Inspector and a discussion of the facts should lead to a settlement without difficulty.

Savings Bank Withdrawals

Depositors in the Post Office Savings Bank will soon be able to withdraw on demand amounts up to £10. This increase from the existing maximum of £3 will take effect early in May. If the withdrawal exceeds £3 the bank book will be retained for examination at the headquarters of the Savings Bank, to be returned to the depositor normally within four days.

The amount which can be withdrawn by the two-way telegram service will be increased from £10 to £25.

From July 1 the charge for each transaction under the periodic payment service (for recurrent payments from an account on a standing instruction from a depositor) will be raised from 4d. to 8d.

Electronic Production

Powers-Samas Accounting Machines Ltd. and *Ferranti Ltd.* have agreed to collaborate in the development of electronic equipment, and their research and design engineers recently held a week's conference in Manchester and London.

Power-Samas produce the "Emp", which was the first electronic multiplying punch to be put into full-scale production in this country and is also exported to the U.S.A. Ferranti, the first British manufacturers of large scale electronic digital computers, have recently announced a medium-sized computer for scientific and industrial calculations.

Publications

The Secretary's Manual. Twenty-fourth edition (1954) edited by T. P. Rogers and the Honourable L. H. L. Cohen. Pp. xxxi + 616. (*Jordan & Sons, Ltd.:* 42s. net.)

THE FACT THAT this book has appeared in twenty-four editions and has been reprinted many times testifies to its utility. A new edition taking account of the Companies Act, 1948, and other recent legislation was overdue: the present one fills the gap. Revision has been thorough. All chapters have been re-written. Changes in practice as well as law have been embodied in the text, and up-to-date forms have been inserted.

The formation, administration and voluntary winding-up of companies are fully covered. Compulsory winding-up is treated as outside the scope of the work, as in former editions, though a few provisions which particularly affect company secretaries have been noted. For the first time, no attempt has been made to deal fully with the books of account and published accounts. The editors have decided that an adequate treatment within the scope of the volume is not practicable. Instead, the statutory provisions affecting the accounts are set out.

The appendices include specimen resolutions, notices and forms, which will be very useful to company secretaries. They also include the Stock Exchange Regulations governing the requirements for a quotation, together with drafts of the standardised forms devised by the Share and Loan Department for letters of rights, allotment letters and provisional allotment letters —a specially interesting and useful feature. Table A is given with notes explaining and commenting on its provisions.

It would be surprising if one did not find something to criticise, however mildly, in a manual of this kind. It struck the reviewer that there is some repetition of certain matters, such as the statement in lieu of prospectus and the right of a member to receive copies of the memorandum and articles, whereas in general extensive use is made of the cross-reference, even where this is rather unnecessary (at page 111, for instance). There are a few sentences which seem to be left over by mistake from the previous edition.

Apart from matters of style, the Prevention of Fraud (Investments) Act, 1939, and restrictions on the transfer and transmission of shares might have received fuller treatment. It is suggested (pages 9–12) that a private company must have a share capital, but it is possible to register a company limited by guarantee without a share capital as a private company, though the practice may be of doubtful legality. Is it strictly true (pages 12–13) that to qualify for exemption a private company must send a certificate of exemption to the Registrar? This is not quite what Section 129 says. And is the effect of *Moseley* v. *Koffyfontein Mines* (page 171) to make the whole scheme invalid, as is stated in the *Manual*, or only the right to exchange the debentures for the shares?

In the next edition, the quorum under Table A, 1948, Part II, might be referred to at page 285, as well as the quorum under Part I, and the "prescribed manner" for certifying a translation of a balance sheet might be usefully included at page 355. It might be worth pointing out at page 91 that bank holidays for the purpose of Section 50 include bank holidays in any part of Great Britain, for example, the Scottish bank holidays on New Year's Day and May 1.

These suggestions do not detract from the value of the book. It is a reliable guide which can be thoroughly recommended to practitioners. T.W.S.

Outlines of Industrial Law. By W. Mansfield Cooper, LL.M., Barrister-at-Law, Professor of Industrial and Commercial Law in the University of Manchester. Second Edition. Pp. lxi + 378 + 21. (*Butterworth & Co. (Publishers) Ltd., London:* 30s. net.)

THE PROGRESSIVE CONCENTRATION of the means of production in fewer and larger units has not only made possible but has encouraged the intervention of Parliament in every important aspect of the commercial and industrial life of the nation. Probably in no other field of law at the present time is statute law making such rapid strides, although whether these strides are always in the right direction is by no means free from doubt.

The second edition of a book which has deservedly achieved wide recognition is more than welcome. Professor Mansfield Cooper has continued to devote the first five chapters—or rather more than a third of the book—to the common law in its relation particularly to the contract of service, and this provides the reader with an excellent introduction to the subject. There is no doubt, however, that this particular contract is becoming less and less a matter of free negotiation and more and more an acceptance on the part of both the employer and the employee of terms which have been negotiated for them by the leaders of both sides of the particular industry concerned.

The author in his preface to the first edition modestly referred to his work as "a students' textbook on industrial law." Certainly it fulfils this function admirably, but it also has a much wider appeal. Industrialists and those who are actively engaged in commerce will find in it a wealth of practical information on all aspects of industrial legislation, while the general reader will find it stimulating and readable.

The final chapter, on Trade Unions and the Settlement of Disputes, is illustrated with references to the more important judicial decisions, the full import of which is by no means easy to define.

It is to be hoped that the work will be kept up to date either by supplements or by fairly frequent editions. Already it appears probable that a new chapter on monopolies, price rings and restrictive practices generally will soon be required.

J.S.H.

Books Received

Local Government Financial Statistics 1954-55. (*County Treasurer, West Sussex County Council, County Hall, Chichester.*)

Return of Outstanding Debt (England and Wales) as at March 31, 1954. Pp. 83. (*The Institute of Municipal Treasurers, 1 Buckingham Place, London, S.W.1:* 5s. post free.)

Some Economic and Social Advantages of the World Calendar. By James Avery Joyce. Pp. 23. (*The World Calendar Association, International. 20 Buckingham Street, London, W.C.2:* gratis).

Income Tax in the Central African Federation (The Federation of Rhodesia and Nyasaland). By A. S. Silke, M.COM., C.A.(S.A.). Pp. xviii + 574. (*Juta & Co., Ltd., P.O. Box 30, Cape Town:* 75s. net.)

Fire Policy Drafting and Endorsements (for Home Fire Business). By Edward E. Mason, A.C.I.I. Second Edition. Pp. vii + 168. (*Sir Isaac Pitman & Sons, Ltd:* 18s. net.)

Socialisation in Great Britain and its Effects on the Accountancy Profession. By Sir Frederick J. Alban, C.B.E., F.S.A.A. Pp. 49. (*Reprint Series. Incorporated Accountants' Research Committee, Incorporated Accountants' Hall, London, W.C.2:* 7s. 6s. net.)

Legal Notes

Company Law—
Appointment of Liquidator

In a creditors' voluntary winding-up a company in general meeting appointed B. as liquidator; but at a meeting of creditors held on the same day the majority of creditors in value, but not in number, voted in favour of appointing L. as liquidator. By Section 294 of the Companies Act, 1948, "the creditors and the company at their respective meetings . . . may nominate a person to be liquidator . . . and if the creditors and the company nominate different persons, the person nominated by the creditors shall be liquidator, and if no person is nominated by the creditors the person, if any, nominated by the company shall be liquidator." By Rule 134 of the Companies (Winding-Up) Rules, 1949: "At a meeting of creditors a resolution shall be deemed to be passed when a majority in number and value of the creditors present personally or by proxy and voting on the resolution have voted in favour of the resolution."

In **Re Caston Cushioning Ltd.** [1955] 1 W.L.R. 163, Roxburgh, J., said that he was not absolutely certain that Rule 134 applied to a creditors' resolution appointing a liquidator, but even if Rule 134 did not apply the same principles should govern the matter. Accordingly the creditors had not passed a valid resolution appointing L. as liquidator and B., the company's nominee, was the liquidator.

Company Law—
Effect of Appointing Corporate Body as Receiver

By Section 366 of the Companies Act, 1948 (which replaces a corresponding provision in the Companies Act, 1929), "a body corporate shall not be qualified for appointment as receiver of the property of a company." In **Portman Building Society v. Gallwey** [1955] 1 W.L.R. 96, Wynn-Parry, J., had to consider the legal effect of the appointment of a body corporate as a receiver and he held that an attempt to make such an appointment was a nullity and could not create any contractual relations between the body corporate in question and the company over whose property it was purported to be appointed receiver. A company in this case had mortgaged its property, and upon its default a body corporate was appointed receiver and paid monies from time to time to the mortgagees. The mortgagees subsequently sued the sureties to the original mortgage deed and it was held that the payments by the receiver to the mortgagees were not payments made on behalf of the company so as to defeat the sureties' defence that they were protected by the Limitation Act, 1939.

Contract and Tort—
Exceptions Clause in Contract of Bailment

Persons, such as warehousemen or dry cleaners, who take goods on bailment for the purposes of their business generally stipulate that the goods are to be left at owner's risk. In any particular case the exact words used in the contract must be carefully considered; but the general principle is that if goods are at owner's risk the bailees will be liable for loss or damage caused by their failure to carry out the fundamental terms of the contract but not liable for loss or damage caused by their negligence in carrying out any ancillary terms of the contract. For example, if handkerchiefs are sent to a laundry, the laundry company would be liable for damages caused by any failure to launder the handkerchiefs properly but they would not be liable if the handkerchiefs were lost through negligence (see *Alderslade* v. *Hendon Laundry Ltd.* [1945] 1 K.B. 189).

In **Woolmer v. Delmer Price Ltd.** [1955] 2 W.L.R. 329, W. bailed her fur coat to D.P. either for storage or for re-sale (there was a conflict of evidence on this point) on terms that the coat should be left at owner's risk. The coat was never returned to W. and she sued for damages. McNair, J., held that D.P. could not escape liability unless they could establish that the loss occurred in some way not involving their negligence or that the loss did not occur through their negligence. In fact there was no evidence to show how the loss actually did occur and it was possible that the loss might have been due to some fundamental breach of the contract—for example, the coat might have been sold and the sale recorded as the sale of another coat. In those circumstances his Lordship gave judgment for W.

Executorship Law and Trusts—
Annuities

In **Re Cameron deceased** [1955] 1 W.L.R. 140, the Court of Appeal affirmed the decision of Roxburgh, J., noted in ACCOUNTANCY for January, 1955, at page 34.

Executorship Law and Trusts—
Investment Clause

In **Re Brassey's Settlement** [1955] 1 W.L.R. 192, the trustees of a settlement made in 1936 wished to invest some of the trust funds in the shares of Canadian banks. The settlement allowed them to invest in "the stocks, etc., of any company in Great Britain or Northern Ireland or India or any British colony or dependency or any foreign country." Danckwerts, J., said that since the Statute of Westminster, Canada was certainly not "a colony or dependency" and therefore the settlement did not authorise the proposed investment. However, his Lordship then gave leave to amend the summons by the addition of an application under Section 57 of the Trustee Act, 1925, and made an order conferring on the trustees the power to invest in stocks in "any dominion."

Miscellaneous—
Mortgages

In **Chelsea Estates Investment Trust Co., Ltd. v. Marche** [1955] 2 W.L.R. 139, C. Ltd., who had a long lease which they mortgaged to M., failed to pay rent to the landlords, who forfeited the lease. Relief was given to M. as mortgagee, the residue of the lease being vested in him under a Court order. A contract to sell the lease as absolute owner was then entered into by M. The sale price was higher than the amount due under the mortgage and C. Ltd. claimed that the lease held by M. was a substituted security and that he was bound to account to them for the proceeds of sale.

The Court held that although in the forfeiture proceedings M. was given a new lease and did not merely become an assignee of the old lease, that new lease was subject to the mortgage and M. was bound to account to C. Ltd. for the proceeds of sale.

Miscellaneous—
Right of Deserted Wife to Remain in Matrimonial Home

If a husband who owns the matrimonial home deserts his wife he has no absolute right to turn her out; he can only recover possession if the Court in its discretion thinks fit to order her to go. The husband's trustee in bankruptcy,

and even a third party who buys the house with knowledge of the wife's right, is in no better position than the husband. In **Jess B. Woodcock & Sons Ltd. v. Hobbs** [1955] 1 W.L.R. 152, a deserted wife lived in part of premises which were owned by the husband and used by him for his business. The premises were compulsorily acquired by the British Transport Commission, who later resold to the plaintiffs. It was held in the particular circumstances of the case that both the Commission and the plaintiffs had notice of the wife's rights, but that she was not entitled to remain indefinitely, and an order was made against her for possession in three months.

THE SOCIETY OF Incorporated Accountants

The Marks of Enterprise

A DINNER OF the Incorporated Accountants' District Society of Sheffield was held at the Royal Victoria Hotel, Sheffield, on February 9. The chair was occupied by the President of the District Society, Mr. Walter E. Moore. The guests included the Lord Mayor of Sheffield (Alderman J. H. Bingham, LL.D., J.P.) and Miss E. D. Bingham; the Master Cutler (Mr. W. G. Ibberson) and Mrs. Ibberson; Dr. and Mrs. L. du Garde Peach; Mr. Bertram Nelson, J.P. (President of the Society of Incorporated Accountants) and Mr. I. A. F. Craig, O.B.E. (Secretary); Dr. J. M. Whittaker, M.A., D.SC., F.R.S. (Vice-Chancellor of the University of Sheffield) and Mrs. Whittaker; Mr. D. A. Palmer (President, Sheffield Chamber of Commerce); Dr. A. W. Chapman (Registrar of the University of Sheffield) and Mrs. Chapman; Mr. John Heys, C.B.E. (Town Clerk of Sheffield) and Mrs. Heys; and representatives of other professional bodies.

Mr. Walter E. Moore (President of the District Society), proposing "The City and Trade of Sheffield," said Sheffield was his native city and he was proud that it was so. The city could not hope to emulate the ancient cities of England, which had corporations and Lord Mayors when Sheffield was only a village. But it was one of England's largest cities. It was the first place in the world to make steel in commercial quantities. It was from Sheffield that pioneer work in steel had sprung. Was that not worthy to be called history? Had not Sheffield in modern times played a part which ranked with ancient cities in far off days?

The trades of Sheffield had served mankind. Steel for ships, steel for tractors, and steel, alas, for armaments.

These were great days for Sheffield. Trade was thriving: it was a time for high endeavour, not complacency. They must go on modernising their works and factories.

The Lord Mayor of Sheffield (Alderman J. H. Bingham), responding to the toast, said Sheffield was a remarkable city with its sixty and a quarter square miles, with eighty farms and many smallholdings, and with its gamekeepers and game preserves within the city boundaries.

Sheffield was about ten times as large as Athens at its height.

True, it could not compete in traditions with places like Athens, Rome or Jerusalem. But in Sheffield there had been achievement, not only in industry and commerce, but also in the arts and sciences.

He strongly deplored the accountants' use of the term "goodwill." A money value could not be placed on goodwill: it was greater than that. The idea of goodwill could help to build the brotherhood of nations.

The Master Cutler (Mr. W. G. Ibberson), who also responded to the toast, attacked the fuel tax and purchase tax. It was the fuel tax, he said, which had been the cause of bus fares being raised in Sheffield only that week. It obliged manufacturers of motor cars to concentrate on the small car, and he did not think it a good thing for large cars to be squeezed off the market.

Purchase tax was operating inequitably. He felt that purchase tax on cutlery was having a serious effect on trade and on the city's reputation.

Dr. L. Du Garde Peach, M.A., PH.D., proposing the toast of "The Society of Incorporated Accountants," said there was a diabolical certainty about accountants' activities which put them apart from the ordinary run of human beings. They were always right. They certified and found correct. For them two and two made four—always and inevitably. Uncertainty had no place in their lives. Yet it was the unexpected which was the salt and savour of life. That was why others looked on them as people who were missing something in life.

He had read of factories where robots and electronic brains controlled the whole process. He foresaw the day when more and more electronic brains and robots would take over. But accountants were a necessity, figures being what they were. Accountants were policemen of the world of figures. They knew what figures could do. As they very well knew, there were balance sheets and balance sheets, and only they could tell the difference, except occasionally one of Her Majesty's Judges—and that was just unfortunate.

Mr. Bertram Nelson (President of the Society of Incorporated Accountants), responding to the toast, said that he had been meditating on what were the marks of enterprise and on the factors which make a business successful. He thought there were three possible essentials. The first was an active response to consumer demand and to potential consumer demand. Useful as were financial controls, they were no substitute for such a response which alone kept a business alert and which was the essence of a democratic system. The second was a willingness to take risks and a willingness to make mistakes. Thirdly, such a policy must be supported by reserves, by an acceptance of the fact that there would be ebbs and flows of business activity, that there would be necessities for quick changes in production techniques and that it was not safe to base policy on expectation of steady progress. Undue pressure for the depletion of reserves by excessive dividends was as dangerous as dividend limitation. In times of inflation, it was essential to keep sufficient funds in a business to provide for replacement costs of productive assets.

Mr. William Kirkham (Vice-President of the District Society) proposed the toast "Our Guests."

Mr. J. M. Riddle (Chairman of the

Yorkshire Branch of the Chartered Auctioneers' and Estate Agents' Institute), in reply, said that in a complex society such as theirs the position of the great professions was one of utmost importance. The Incorporated Accountants' place in the world had been made by men who had thought of integrity more than personal gain.

Dr. J. M. Whittaker (Vice-Chancellor of Sheffield University), who also replied to the toast, said he had known Mr. Nelson for very many years.

Mr. W. H. Higginbotham (Past President of the District Society) proposed the toast of "The President." He said Mr. Moore was a truly ordinary man, and it was the ordinary men and women who were the salt of the earth.

Public Relations

THE INCORPORATED ACCOUNTANTS' Hull and District Society held a dinner in the Guildhall, Hull, on February 18, under the chairmanship of Mr. R. L. Davy, F.S.A.A., the President of the District Society. The guests included the Lord Mayor of Hull (Councillor H. W. Jackson, J.P.); the Sheriff and Sheriff's Lady (Mr. and Mrs. A. S. Horsley); Mr. W. G. Pybus (Assistant Commercial Secretary to the High Commissioner for Canada); Mr. W. R. Austen Hudson, M.P.; Mr. Bertram Nelson, J.P. (President of the Society of Incorporated Accountants) and Mr. I. A. F. Craig, O.B.E. (Secretary) and Mrs. Craig; Mr. E. H. Bullock (Town Clerk); Mr. J. H. Nicholson, C.B.E. (Vice-Chancellor of Hull University); and other representatives of professional bodies and commerce.

After the loyal toast had been honoured, Mr. W. G. Pybus (Assistant Commercial Secretary to the High Commissioner for Canada) proposed that of "The Society of Incorporated Accountants." The population of Canada, he said, was 15 million and might reach 30 million in the next twenty years. Discussing professional accountants of Britain and Canada, he thought the most significant thing was not a difference but the similarity between them. Certainly professional accountants from this country enjoyed excellent reputations out there. The high place which the Society of Incorporated Accountants enjoyed in the community had, he was sure, been established on the unblemished integrity of its members, and he was confident that they would continue to maintain that high standard in this complex world and continue the vital service which their Society performed in bringing order to the business community.

Mr. Bertram Nelson, J.P., F.S.A.A. (President of the Society of Incorporated Accountants), responding, referred to the public relations between the public and the accountancy profession. The Society had a membership in excess of 10,000. If each member wrote only two letters daily, over six million letters were written yearly by Incorporated Accountants. In addition, there were over 8,000 students—as many as the undergraduate population of the University of Oxford. The reputation of the profession depended far more on the quality of the work and lives of its members and its students than on any publicity which could be achieved from time to time on Council policy.

There were, however, matters of public interest on which the accountancy profession had special experience. As accountants, they had ample opportunities of seeing the ill effects of excessive taxation and had made their pleas on behalf of those afflicted in mind, body and estate. As accountants, they were aware of the ill effects of inflation—that insidious cancer whose first fruits were so pleasant but which eventually permeated and weakened every part of the economic system. The Chancellor at present was facing a serious dilemma. Substantial taxation reliefs should be given in the coming Budget at the points where they would most aid efficient production, but those reliefs could not be given unless steps were taken to curb inflation, which might indeed be beginning again on a serious scale. It might be that shortly the Chancellor would have to take steps to control inflationary trends by increasing the Bank rate, curtailing the finance available for hire purchase and reducing Government expenditure. No one had yet found a method by which full employment and stabilised prices could be combined. It would probably not be found until convertibility (now more difficult than at any time during the past two years) was achieved.

Accountants might have a contribution to make in current discussions on the structure of top management, such as were taking place on reports on two nationalised industries. The profession could also speak with confidence about the advantages of accountancy in relation to the recruitment of able boys and girls. Mr. Nelson said that it should be realised that we were members of a growing profession in which boys and girls could find happy and useful service.

The toast of "Our Guests" was submitted by the Chairman, Mr. R. L. Davy, F.S.A.A., who stated that their aim as a profession was to serve the community, the city, commerce and the country and to uphold the very high traditions of their calling. To the civic heads of Hull they would say a most sincere "Thank you" for the renewed privilege of having dinner in that beautiful room.

Mr. W. R. Austen Hudson, M.P. for North Hull, in reply, referred to the dilemma in which it had been suggested that the Chancellor might find himself in connection with the forthcoming Budget. While suggesting that high taxation might be a contributory factor to the inflationary trend, against which they must guard, Mr. Hudson said he felt that a reduction in taxation need not necessarily imply greater inflation. Indeed, it might help in the splendid work of the savings movement, the high figures for which had been borne out at a time of full employment with high wages. He did not see any great signs of an inflationary spiral. There were plenty of consumer goods for the people with the money to buy them. There was no evidence of one of the chief contributory factors to inflation—the chasing of too few goods by too much money. He felt it was essential that we should keep a balanced view of the country's economy and not run away with the idea that there was a serious inflationary movement in process at the moment.

Education—A Life-Long Business

THE INCORPORATED ACCOUNTANTS' District Society of Leicestershire and Northamptonshire held a dinner at the Grand Hotel, Leicester, on February 25. The chair was occupied by Mr. J. Snaith, President of the District Society, and the company included the Lord Mayor of Leicester (Alderman Cecil H. Harris); Sir Arthur fforde, M.A. (Headmaster of Rugby School); Mr. Bertram Nelson (President of the Society of Incorporated Accountants) and Mr. I. A. F. Craig (Secretary); the Mayor of Loughborough (Councillor L. W. Hull); Alderman A. Halkyard, M.C., T.D., D.L., LL.B. (High Bailiff of Leicester); Mr. Charles H. Wilson, M.A. (Principal, Uni-

versity College of Leicester); Mr. H. Senior, M.SC., B.COM., A.C.A. (President, Leicester and County Chamber of Commerce); Mr. L. R. Buxton (Manager, Lloyds Bank, Ltd.); and others from the professions, commerce and the Inland Revenue.

Sir Arthur fforde (Headmaster of Rugby School) proposed the toast of the Society of Incorporated Accountants. He said that his profession as a headmaster and a solicitor, and theirs as accountants, had in common the pursuit of truth.

Mr. Bertram Nelson (President of the Society of Incorporated Accountants), in responding to the toast, suggested that educational systems could be divided into two parts: firstly, the imparting of facts and, secondly, the understanding of principles, the formation of habits of logical thought and critical judgment. There was always a danger that professional education (impelled by what students thought that the examiners would require) might lean too much towards the first purpose. Indeed, if education finished with examinations, those examinations would inevitably be dull and factual. One of the most certain tests of the excellence of any educational system was whether, in the words of Plato, it made education "a life-long business." The Society was making good progress here through its Research Committee, the publication of *Accounting Research*, the institution of scholarships, and post-graduate study under Professor Sewell Bray. Much depended on the success of the university scheme for the education of accountancy students. In education generally and not only in accountancy education, the rewards of continuing study after school days were perhaps higher than ever before—rewards in terms of zest, of service and indeed of finance. The great advances in knowledge were now being made in the common ground between two disciplines: for example, in the theory of accounts, by collaboration between the economist and the accountant; in electronic accounting, by collaboration between the mathematician, the electronic expert and the accountant. Such fields could only be covered by post-graduate research. Moreover, in many subjects, research was ahead of technology. There was a shortage of technicians to carry out the practical results of research. The accountancy profession was not remote from these significant movements and it was important that its members should be in touch with recent developments, in collaboration with economists, engineers, lawyers and statisticians.

Mr. H. Rivington, F.S.A.A., proposed the toast "The City of Leicester."

The Lord Mayor of Leicester (Alderman C. H. Harris), in his response, said there could be no doubt that the standing of the accountancy profession had never been higher. He was well aware of the vital part played by finance in every aspect of communal life and of the great contribution accountants were making to management. Really, he did not know whether they were making a contribution or taking it over completely. (Laughter.) He had always admired the accountant's special ability to deal with the most complex of financial problems, but he had never envied him as he felt his work was hard and often mentally exhausting.

The Lord Mayor then referred to recent announcements by the Chancellor of the Exchequer about Bank Rate and hire-purchase restrictions. He had no doubt of the wisdom of the Chancellor's decision. But hire purchase had become not a luxury but a necessity to the vast majority of people in the country today. Of necessity it must be curtailed at the present time, but he ventured to say that the time was not far off when the economy, prosperity and full employment of this country—like that of America—would largely depend on what was vulgarly called the never never system.

A toast to the guests was proposed by Mr. W. D. Murphy, F.S.A.A. Mr. H. Senior (President of Leicester and County Chamber of Commerce) and Mr. L. R. Buxton (Manager of Lloyds Bank, Ltd.) replied.

Mr. F. W. Doleman, F.S.A.A., proposed "The President," and Mr. Snaith responded.

Events of the Month

April 1.—*Bristol:* "Standard Costs and Budgetary Control," by Mr. V. S. Hockley, B.COM., A.C.A., A.A.C.C.A. Royal Hotel, College Green, at 6.30 p.m.
Glasgow: Scottish Branch annual general meeting at 2.30 p.m.
Glasgow: Discussion on problems out of Student's Tax Columns in ACCOUNTANCY. Report on recent tax cases. Students' meeting. Glasgow and West of Scotland Commercial College, Pitt Street, at 5.45 p.m.
Leicester: "Auditing Case Law," by Mr. R. W. Moon, B.LITT., A.C.A. Students' meeting. Victoria Hotel, Granby Street, at 6 p.m.
Manchester: Mock Appeal, following Students' annual general meeting. Incorporated Accountants' Hall. Mock appeal at 6 p.m.

April 2.—*Leeds:* "Companies Act, 1948," by Mr. C. S. Paylor, A.C.A., A.S.A.A. Students' revision class. 2 Basinghall Square, Leeds, 1, at 11 a.m.
Liverpool: "Preparation of an Estate Duty Account," by Mr. C. O. Reay, F.C.A. For Intermediate students. Liverpool Incorporated Accountants' Hall, 25 Fenwick Street, 2, at 10.30 a.m.

April 4.—*Luton:* "Bankruptcy Statement of Affairs," by Mr. P. E. Harris, A.S.A.A. Students' meeting. George Hotel, at 6.15 p.m.

April 5.—*Hull:* Students' joint meeting. Y.P.I., George Street.

April 6.—*Belfast:* Students' visit to Gallaher, Ltd., tobacco factory.
Hull: Luncheon meeting. Regal Room, Ferensway, at 1 p.m.
Middlesbrough: "Bankruptcy," by Mr. T. G. Sparrow, Deputy Official Receiver. Café Royal, Linthorpe Road, at 6.30 p.m.

April 13.—*London:* Taxation Group meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

April 14.—*Hanley:* "Executorship Accounts," by Mr. K. Carmichael, A.C.A. Students' meeting. Town Hall, at 7 p.m.

April 15.—*Bristol:* "Elements of English Law," by Dr. G. G. Thomas, PH.D., F.S.A.A., A.C.A. Royal Hotel, College Green, at 6.30 p.m.
Cambridge: Annual general meeting, Cambridge Centre. Shirehall.

April 15 to 18.—*Manchester:* Residential course for students. Hulme Hall, Victoria Park.

April 16.—*Leeds:* "Estate Duty Computations," by Mr. K. P. Procter, A.S.A.A. Revision class for students. 2 Basinghall Square, 1, at 11 a.m.

April 18.—*London:* "Efficiency Audits." Stamp-Martin seminar opened by Mr. S. F. Twena, B.COM., A.S.A.A., a research student working with the Stamp-Martin Professor. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

April 19.—*Bradford:* "Costing," by Mr. G. R. Tattersall Walker, A.C.A. Liberal Club, Bank Street, at 6.15 p.m.
Brighton: "Executorship Law and Accounts," by Mr. J. Linahan, A.S.A.A. Royal Pavilion Hotel, at 7.15 p.m.

April 20.—*Southampton:* Dinner. Polygon Hotel.

April 22.—*London:* Students' supper-dance. Bush House Restaurant, Kingsway, W.C.2,

at 7.30 p.m. Tickets, price 10s. 6d., from the Secretary in advance.

April 23.—*Leeds:* "The Effect of Machine Accounting on the Auditor," by Mr. J. A. Shires, A.S.A.A. Revision class for students. 2 Basinghall Square, 1, at 11 a.m.

April 24.—*Sheffield:* Annual service for members of professional bodies. Sheffield Cathedral, at 3 p.m.

April 25 to 30.—*Dublin:* Students' refresher courses. 16 St. Stephen's Green.

April 26.—*Newcastle-upon-Tyne:* Luncheon and visit to North East Trading Estate, Teams Valley.

April 27.—*London:* Management Group meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

April 28.—*Belfast:* Students' annual meeting. 13 Donegall Square West.

April 29.—*Bristol:* "Distribution to Beneficiaries, including Hotchpot and Abatement," by Mr. J. M. Higgison, A.C.A. Royal Hotel, College Green, at 6.30 p.m. *Dudley:* Open discussion on the Budget proposals. Dudley and Staffordshire Technical College, The Broadway, at 7 p.m. *Glasgow:* Students' Study Circle meeting. Glasgow and West of Scotland Commercial College, Pitt Street, at 5.45 p.m.

April 30 and May 1.—*Baltray, Co. Louth:* Annual golf outing of the Irish Branch.

May 4.—*Hull:* Luncheon meeting: Regal Room, Ferensway, at 1 p.m.

District Societies and Branches

Scottish Branch

A MEETING OF the Council of the Scottish Institute of Accountants, the Scottish Branch of the Society, was held in Glasgow on February 9.

The Council passed a resolution of congratulations to Mr. Alastair Macdonald on the award of M.B.E. in the New Year Honours.

It was decided that the annual general meeting of the Branch be held on April 1, at 2.30 p.m.

The Secretary reported that he had received intimation of the deaths of Mr. William Webster, F.S.A.A., and Mr. R. C. Thomson, F.S.A.A.

It was reported that Mr. Stuart MacRae, A.S.A.A., had undertaken to assist in research work being conducted by the Stamp-Martin Professor of Accounting on international comparisons of local government finance.

Dublin Students' Society

REFRESHER COURSES WILL be held at 16 St. Stephen's Green, Dublin, during the week commencing April 25.

Courses have been arranged for the Final Examination Part I; Final Part II (income tax only); and Intermediate. The lecturers will be Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A., on book-keeping and accounts; Mr. R. Ian Morrison, A.C.A., on executorship; and Mr. G. M. Wheeler, F.C.A., A.C.I.S., on income tax.

Swansea and South-West Wales

MR. J. L. HUNKIN, A.S.A.A., Neath, Mr. M. W. Rosser, A.S.A.A., Swansea, and Mr. H. D. Pritchard, A.S.A.A., Carmarthen, have been elected members of the District Society Committee.

Membership

THE FOLLOWING PROMOTIONS in, and additions to, the membership of the Society have been completed during the period October 7, 1954, to March 7, 1955.

Associates to Fellows

BAILES, Frederick (*Lambert & Bailes*), Newcastle upon Tyne. BRAZIER, Leslie Herbert (*Rickard & Co.*), Southend-on-Sea. CARTER, Harold Charles (*Cassleton Elliott & Co.*), Freetown, Sierra Leone. CHADDER, Harold Henry Rabbich (*Whitmarsh, Hore & Co.*), Launceston. CROSOER, Michael George (*George Mackeurtan, Son & Crosoer*), Durban. DASTOOR, Hormasji Jamshedji, Bombay. DOODSON, Norman, County Treasurer, Preston. EVASON, John Arthur Cole (*Lithgow, Nelson & Co.*), Liverpool. FIELDING, Wilfrid Denbigh (*George Mackeurtan, Son & Crosoer*), Durban. KENT, Arthur William, City Treasurer, Nairobi, Kenya. KING, John Duncan (*Croydon & King*), London. LARMOUR, Hugo Neam (*C. P. McCarthy, Daly & Co.*), Cork. LAWRANCE, Howard George (*Slater, Chapman & Cooke*), London. LE MAY, John (*Thomas Smith & Sons*), Glasgow. MEAKIN, James, with Booker Bros. (Liverpool) Ltd., Liverpool. MILLER, Arthur (*Middleton, Hawkins & Co.*), London. OGDEN, Agnew George (*Jacques & Stirk*), Keighley. RAINBOW, Albert (*Robert Miller, Tate & Co.*), Houghton-le-Spring. STIRK, Percy Wright (*Jacques & Stirk*), Keighley. TURNER, Charles Brian Godsell (*Cash, Stone & Co.*), London. VERITY, Reginald, Hull. WOOD, Harry Humphrey (*Stewart, Steyn & Co.*), Klerksdorp. YOUNG, Sydney William Wayland (*A. H. Lawrie & Young*), Johannesburg.

Associates

ALLAN, Melville David, with Crumpton, Cappleman & Co., Hull. ALLARD, Michael John, formerly with E. Downward, Stoke-on-Trent. ALLINGTON, Neville Sylvester Hyam, with Bland, Fielden & Co., Colchester. ARMITAGE, David Gordon, with Armitage & Norton, Huddersfield. ATKINS, Eric James George, with C. N. Walter, Lester & Co., London. AUSTIN, Clive, with Stanley Gorrie, Whitson & Co., London. BADDILEY, Colin, with G. W. Townend & Co., Goole. BAKER, Arthur Richard, with Cooper & Kenny, Dublin. BAKER, David, with Gillespie Brothers & Co., Newcastle upon Tyne. BAILEY, William Leonard, with R. F. Frazer & Co., London. BAMBURY, Cyril Frank, with F. E. Hoggarth & Co., Kingston-on-Thames. BARNES, Victor John, with Pike, Russell & Co., London. BARTON, Derek Hugh, with Milne, Gregg & Turnbull, London. BATE, Thomas John, with Howard Smith, Thompson & Co., Birmingham. BEARD, Peter Frederick, with Dixon, Wilson, Tubbs & Gillett, London. BECKER, Harry, with Harvey Preen & Co., London. BERTRAM, Peter John Andrew, with Robt. A. Page & Co., Nottingham. BEYNON, Leslie Byron, with Peat, Marwick, Mitchell & Co., Swansea. BINGHAM, Bruce Crewe, with H. W. Davidson & Co., London. BISHOP, Ronald Henry, with Sewell, Hutchinson & Co., London. BOOKATZ, Arnold, with Davis, Berks & Co., London. BOULTER, Brian David, with Thomas May & Co., Leicester. BOWDEN, Kenneth Henry, with Thomas May & Co., Leicester. BRAZIER, Stanley Leonard, with Howard Smith, Thompson & Co., London. BREWERTON, Robert, with Coward, Button & Co., London. BRITTEN, Frederick John, B.SC., Inland Revenue, Halifax. BROOK, Frank, with Matthews, Brooke, Taylor & Co., Halifax. BROOM, Anthony Ernest John, with J. Wallace Williams & Co., Cardiff. BROWN, Kenneth Frederick, with Alexander Springer & Co., London. BROWN, Leslie William, Audit Department, C.W.S., Bristol. BROWN, Norman John, with Keens, Shay, Keens & Co., Wolverton. CAMPBELL, Ian James, with Solomon Hare & Co., Bristol. CARD, Kenneth George Noel, with Carnaby Harrower, Barham & Co., London. CARTWRIGHT, Anthony Henry Arthur, with Carley & Co., Gravesend. CHERRY, Eric Harold, with Brodie, Gibson & Co., Hull. CHICK, Hubert Cecil Zetland, with Jones, Avens, Worley & Piper, Chichester. CHINERY, Peter Alfred, with West, Wake, Price & Co., London. CHRISTOPHER, Ronald William, with Wright, Fairbrother & Steel, London. CLARKE, Trevor Evison, with Thompson & Wood, Hereford. COHEN, John, with Fisher, Conway, Fenton & Co., London. COLLARD, Edward George, with Howard Smith, Thompson & Co., Birmingham. COLLIER, Ivor Goodwin, with Willett, Son & Garner, Manchester. COOMBS, Thomas Henry, with R. H. March, Son & Company, Cardiff. COWLAN, Robert George, with A. G. Willis & Co., London. COYNE, Michael Terence (*Kitchen, Coyne & Co.*), Weymouth. CRESWICK, Peter Linnhe, with S. R. Fuller & Co., Leeds. CRIMES, Stanley William, with A. J. Paul & Co., Redruth. CROSS, John Ford, with L. G. Diamond, Glasgow. CROWE, Edwin Peter, with Alfred G. Deacon & Co., London. CUNDY, Derek, with Ransom Harrison & Lewis, Sheffield. DAGLISH, Brian Calvert, with Arthur M. White & Son, Newcastle upon Tyne. DALE, Norman Brooks, with Whinney, Smith & Whinney, Manchester. DANIEL, Gerald Ernest, City Treasurer's Department, Bristol. DAVIES, Anthony-

Charles Kenneth Neville, with Hibberd Bull & Johnson, Bournemouth. DAVIS, Bernard Roland, with F. P. Leach & Co., Bristol. DAVIS, John Brian, with Bourner, Bullock & Co., Stoke-on-Trent. DARNELL, John, with Leslie Smith & Co., Kettering. DERGES, Samuel Derek, with Francis S. Clark & Co., Newton Abbot. DON, Laurence, with Auerbach, Hope & Co., London. DONOVAN, John Edward, with James Todd & Co., London. DOWNES, Alan, with Westlake, Clark & Co., Southampton. DUNCAN, Peter Lyne, with Armitage & Norton, Leeds. ECKMAN, Maurice Isidore, with Daniel Mahony, Taylor & Co., London. EGGERS, Helmuth Conrad, with Arthur Hopewell & Co., Durban. ELLIS, Thomas Harold (*Wells, Ellis & Co*), Nottingham. ELLIS, William George Edward, with Birkett, Boughey & Co., London. FANNING, Michael Gerard, with Price Waterhouse & Co., London. FARRAR, Robert Henry, with Brown, Lewis & White, Dublin. FELL, William Rees, with Harmood Banner, Lewis & Mounsey, Liverpool. FIELD, Anthony, with J. Hulbert Grove & Co., London. FILER, Roy Montague (*Farr, Rose & Gay*), London. FLEMING-YATES, Robert, with Edward S. Goulding & Co., Liverpool. FLETCHER, Desmond Percy Cedric, Borough Treasurer's Department, Southend-on-Sea. FOX, William Ernest, with Howard, Howes & Co., London. FRASER, Keith Russell, with H. E. Mattinson & Partners, Durban. GEDDES, Bruce, with Joseph W. Shepherd & Co., Manchester. GOW, Norman James, with F. A. Ritson & Co., Elgin. GRAY, Alan James Thomas, with Rickard & Co., London. GREER, William Courtney, with James A. Winnington & Co., Belfast. HAINS, Douglas Walter Sainty, with L. M. Bayliss & Co., Lincoln. HALL, Alan Napier, with Carnall, Slater & Co., Sheffield. HALLS, John Rosevear, with A. J. Gould & Co., Newquay. HARLE, Harold, with Carpenter, Box & Co., Worthing. HARRISON, Derek, with Eastwood, Townend & Co., Bradford. HARRISON, James Francis, with Turton, Ross & Co., Nottingham. HARSANT, Sydney Gordon (*Allan & Harsant*), Salisbury, S.R. HART, David Patrick, with Taft, Baldock & Winstanley, Nottingham. HAYDON, Terence William, with Hemsley Miller & Co., London. HELLIWELL, John Swift, with Hooker, Nankivell & Co., Newton Abbot. HETHERINGTON, James, County Treasurer's Department, Durham. HICKSON, Colin Ernest, with Hereward, Scott, Davies & Co., London. HILTON, John Alfred, with Hartley Turner & Son, Manchester. HINDSON, Donald Buck, with Barton, Mayhew & Co., London. HINTON, Donald Thomas, with Walter J. Edwards & Co., Walsall. HOGG, George Cotter, with Samuel Boyle & Co., Belfast. HOLDEN, Richard Anthony, with Harmood Banner, Lewis & Mounsey, Liverpool. HOLLAND, John Cottrill, with Kimpton, Holland & Co., Newport, Mon. HOLT, John, with Dean & Son, Stafford. HOMER, Michael Lawrence, with Gough, Wright, Smith & Co., West Bromwich. HOWES, Kenneth James, with Hilton, Sharp & Clarke, Brighton. HUGHESDON, Brian, with Percy Mason & Co., London. HUMPHREYS, Edward William, with Deloitte, Plender, Griffiths & Co., London. INGHAM, Norman, formerly Borough Treasurer's Department, Long Eaton. IONS, John Thompson, with Robson, Laidler & Co., Newcastle upon Tyne. ISAAC, Hywel Glyn, with J. Pearson-Griffiths, Cardiff. JACKSON, Douglas Arthur, with A. Wood and Co., Stoke-on-Trent. JACKSON, David John, with Thornton & Thornton, Witney, Oxon. JARVIS, John Edward, with Lithgow, Nelson & Co., London. JEFFERYS, James Walton, with Beevers & Adgie, Leeds. JOHNSON, David Morgan, with R. H. March, Son & Company, Cardiff. JONES, Graham Radclift, with Richard Leyshon & Co., Cardiff. JORDAN, David, with Webb, Hanson, Bullivant & Co., Manchester. JUDGES, Edward William, with Tranmer, Raine & Jarratt, Hull. KEEN, David George, with Clements, Hakim & Co., London. KERMODE, Edmund Ronald, City Treasurer's Department, Liverpool. KNOPE, Leonard Charles Sidney, with James, Edwards & Co., London. LAKEN, Alan Robert, with Holden, Howard & Co., London. LANGRIDGE, Arthur John, with Richard Place & Co., East Grinstead. LAPPIN, Ralph Edward Rodger, with Hartley Turner & Son, Manchester. LEEMING, Thomas Edward, with F. J. Callow, Douglas, I.O.M. LEES, Clifford Rowland, with Peat, Marwick, Mitchell & Co., Darlington. LEES, Keith Edmond Coulthard, with Vaughan & Gregg, Manchester. LEY, Gordon Chaunter, with Mellors, Basden & Mellors, Nottingham. LINFOOT, Herbert George, with A. B. Plevey & Co., Kidderminster. LOCKE, Thomas Everitt William, with Layton-Bennett, Billingham & Co., London. LONSDALE, Bryan, with Glass & Moss, Bradford. LORD, Geoffrey (*Brierley, Lord & Co.*), Manchester. MCLELLAN, Archibald Neville (*Allan & Harsant*), Salisbury, S.R. MCQUILLAN, Kenneth Michael, with Kennedy, Crowley & Co., Dublin. MARSHALL, John Raymond, with Gane, Jackson, Jefferys & Freeman, London. MARSLAND, Norman William, Borough Treasurer's Department, Burnley. MARTIN, Kathleen Pamela, with Cassleton Elliott & Co., London. MAYNARD, Geoffrey Gilbert, with A. C. Lucas & Son, London. MEADEN, Geoffrey Frederick, with Wilson, Bigg & Co., London. MECKLENBURG, Leslie Percival, formerly with Whinney, Smith & Whinney, London. MEEHAN, Leslie, B.A., with Turquand, Youngs & Co., Bristol. MITCHELL, Douglas, Deputy Borough Treasurer, Clitheroe. MOFFAT, Festus Ian Walker, with Festus Moffat & Co., Falkirk. MORGAN, William, with Haswell Brothers, Chester. MORRIS, John Brian Roper, B.COM., with Lithgow, Nelson & Co., London. MORRISON, Albert William, with Baker, Sutton & Co., London. MORTIMER, Ernest Edward, with Birkett, Boughey & Co., London. MULLEY, John George Ralph, with Keens, Shay, Keens & Co., London. MURPHY, Ronald Edward, with Pawley & Malyon, London. MYERS, Brian, with Frank Myers & Son, Wetherby. NAPLEY, David Jon, Croydon. NEWINGTON, John Edward, with Russell & Co., London. O'SHEA, Maurice John, B.A., with Viney, Price & Goodyear, London. OLIVE, Leslie William, with Jenks, Percival, Pidgeon & Co., London. OXLADE, Richard Graham, with Amsdon, Glennerster & Wells, Letchworth. PALMER, John Frederick, with B. de V. Hardcastle, Burton & Co., London. PARSONS, Robert Douglas, with Crane, Houghton & Crane, London. PAULL, Antony James Barry, with Harmood Banner, Lewis & Mounsey, London. PEARSON, Dennis Frederick, with Holmes-White, Herbert & Co., London. PENNEY, Ronald Frederick, with Woodington, Bubb & Co., London. PENROSE, David Alfred, with Price Waterhouse & Co., Birmingham. PHILLIPS, Kenneth Charles, Borough Treasurer's Department, Ipswich. PINDER, Thomas Elwood, with Victor Walton & Co., Leeds. POLLARD, John Bernard, with Deloitte, Plender, Griffiths & Co., London. POTELIAKHOFF, Solomon, with Farr, Rose & Gay, London. POWELL, Anthony John, with Peat, Marwick, Mitchell & Co., Birmingham. PRITCHET, William Henry, with Curtis, Jenkins, Cornwell & Co., Bristol. PURCHASE, Gordon Richard, with David & Thomas, Bexleyheath. REAST, Gordon Brandon, with Peat, Marwick, Mitchell & Co., Leeds. RHODES, Donald, with G. Leonard Foulds, Nottingham. RIMMER, Frank James, with Loveridge & Moore, Southport. ROBERTS, Eric Alan, with Cash, Stone & Co., London. ROCK, John Desmond, with Kennedy, Crowley & Co., Dublin. RODDIS, Eric, with Ransom Harrison & Lewis, Sheffield. ROSS, Alfred Thomas, with Harmood Banner, Lewis & Mounsey, Liverpool. ROWSELL, Kenneth Harry Theodore, with Spain Brothers & Co., London. ROYLE, John Charles, with Whinney, Smith & Whinney, Manchester. RUSSELL, John Alan, with Rivington, Lawrence & Co., Leicester. RUBY, Alfred Thomas, with Lybrand, Ross Bros. & Montgomery, London. SCHONHUT, Derek Edwin, with Loker, Lowther & Co., Feltham. SCOTT, Brian Geoffrey, with P. Mitchell & Co., Harrow. SCOTT, Derek John, with Knox, Cropper & Co., London. SCURRAH, Ernest, with Gilchrist, Tash, Wilson & Sansom, Middlesbrough. SEFTEL, Harold Harris, with Joel Auerbach, London. SENIOR, Percy Lodge, with Nahums Holdings Ltd., Manchester. SHEPPARD, David Robert, with Deloitte, Plender, Griffiths & Co., London. SILVER, Joseph (*J. Silver & Co.*), Swansea. SIMMONDS, Gordon William, with B. Grugeon & Co., Bromley. SMITH, Michael Percy, with Cassleton Elliott & Co., London. STANTON, Edward Albert, with Davie, Parsons & Co., London. STEPHAN, Charles Rupert (*Deloitte, Plender, Griffiths, Annan & Co.*), Lusaka, N.R. STILLING, Peter John, with J. E. Denney, Bogle & Co., London. STIMPSON, Michael Harborne, with Bolton, Wawn & Co., London. STOKES, Harold Nelson, with Sherwood, Baines & Co., Stockton - on - Tees. SWINFIELD, William

Dennis, with Bolton, Bullivant & Co., Leicester. TAYLOR, Gerald Winston, with Aubrey Rothburn & Co., Manchester. THOMAS, Gordon William, with Malpas, Simmons & Co., London. THOMAS, Veembukattu Abraham, formerly with Brahmayya & Co., Madras. THOMPSON, George, with Bourner, Bullock & Co., Stoke-on-Trent. THORNLEY, Jack William, with Handley, Wilde & Charlton, Manchester. THORNTON, John Geoffrey, with Harold Brown & Co., Birmingham. TRUMAN, Leslie Samuel Alfred, with Bishop, Fleming & Co., Torquay. TURNER, Harold Edward, with Howard, Howes & Co., London. UNDERWOOD, William James (*Pulbrook, Wright & Underwood*), Salisbury, S.R. WALPOLE, Michael, with Herbert Godkin & Co., Loughborough. WALSH, George William, with Rawlinson and Hunter, London. WALTHAM, Philip Anthony, with Gale & Hutchinson, Hull. WASE, David John Nelson, with Harold Everett, Wreford & Co., London. WATTS, Geoffrey Hancer, with Burston, Dimmock & Co., Bridgwater. WEIR, Thomas George, with Scott & Paterson, Edinburgh. WELLS, John Frederick, with Butterell & Ridgway, Hull. WEST, Margaret, with Waterworth, Rudd & Hare, Blackburn. WHALEY, Walter John, with Wilson, de Zouche & Mackenzie, London. WHITE, Fred, with Greenhalgh, Sharp & Co., Manchester. WHITE, Peter John, B.A., with J. H. White, London. WHITTAKER, Robert Alan, with Westlake, Clark & Co., Southampton. WHYTE, Alan Manson, with Blease & Sons, Liverpool. WILLIAMS, Arthur Maldwyn (*Brinley, Bowen, Mills & Co.*), Swansea. WILLIAMS, John Robert, with Viney, Price & Goodyear, London. WILLIAMS, Roger Martyn, with J. Wallace Williams & Co., Cardiff. WILLIAMSON, Brian, with Nutt, Horne & Co., Derby. WILSON, Clive Stanley, with Scott, Wheatley & Palmer, Hull. WOLSTENHOLME, John Edward, formerly with Chaplin, Hall & Co., Coventry. WOODS, John Frederick, Borough Treasurer's Department, Walsall. WOOLLARD, Edwin George, with Thorne, Lancaster & Co., London. WRIGHT, Hugh, with Wm. H. Jack & Co., Glasgow. YOUNG, Michael Hudson, with Murray Smith, Berend & Noyce, Durban.

Personal Notes

Sir Richard Yeabsley, C.B.E., Incorporated Accountant, has been elected an Honorary Auditor of the London Chamber of Commerce to fill the vacancy caused through the death of Mr. T. H. Nicholson, O.B.E., F.S.A.A.

Mr. William M. Gibson, A.S.A.A., has been appointed secretary and accountant to Irvine Electrical Services Ltd., Glasgow.

Mr. Horace E. Horstead, F.C.A., F.S.A.A., has retired from the partnership of Messrs. Kennedy, Smellie & Co., and is now practising on his own account at 37 Hill Rise, Potters Bar, and at 67 Chase Side, Southgate, London, N.14.

Messrs. Lithgow, Nelson & Co., Incorporated Accountants, of London, Liverpool and Southport, announce that they have taken into partnership Mr. J. A. C. Evason, F.C.A., F.S.A.A., and Mr. R. S. Irving, A.S.A.A., who have been respectively members of their Liverpool and Southport staffs.

Messrs. Beverley, Simpson & Co., Incorporated Accountants, have opened a London office at 14 Bryanston Street, Portman Square, W.1. Their office at Harrow is being retained for clients in that area.

Mr. Anthony Field, Incorporated Accountant, has taken up an appointment as chief accountant to a group of companies under the direction of Mr. H. H. Wingate, London, W.1.

Removals

Messrs. S. Mitchell & Sons have removed their offices to 34 Wellington Street, City Square, Leeds, 1.

Messrs. Nariman Dalal Desai & Co., Incorporated Accountants, have moved to Katrak Terrace, Machi Miani, Karachi, 2.

Messrs. Groome & Ramsdale, Incorporated Accountants, announce that their address is now 54 Mosley Street, Manchester, 2.

Messrs. Solomon Hare & Co., Incorporated Accountants, announce that their address is now 10 Union Street, Bristol, 1.

Messrs. Rutter, Lee & Co., Chartered Accountants, announce that their address is now Finsbury Pavement House, 120 Moorgate, London, E.C.2.

Obituary

William Norman Bubb

IT IS WITH deep regret that we record the sudden death on March 2 of Mr. William Norman Bubb, F.S.A.A.

Mr. Bubb became a member of the Society of Incorporated Accountants in 1900, after taking Honours in the Final Examination. On qualifying he was taken into partnership by his principal, the late Mr. A. E. Woodington, F.S.A.A., a member of the Council and later a President of the Society.

When the London and District Society was founded in 1930, Mr. Bubb was elected a member of the first Committee, and in 1942-43 held office as Chairman. In 1933 he became a member of the Council of the Society, and during the following twelve years he served on a number of Committees of the Council and also as an examiner. Both the Society and the District Society profited greatly from his keen interest and wise counsel.

Mr. Bubb organised and for many years acted as secretary to various associations connected with the wholesale tobacco and provision trades, and was until the time of his death a Vice-President of the Tobacco Trade Benevolent Association.

The whole of his professional career, from 1895 until his retirement in 1945, was spent in the City of London. But he was well known also in his native county of Gloucestershire, where he played a notable part in public affairs, and particularly in the administration of Wycliffe College, of which he had been a governor since 1931. He went back to live in Gloucestershire when he retired, and his death took place in Weston-super-Mare.

Donald Dudley Craig

THE INCORPORATED ACCOUNTANTS' District Society of Sheffield has suffered loss by the death on February 5, at the early age of forty-six, of Mr. D. Dudley Craig, A.C.A., A.S.A.A.

Mr. Craig was senior partner in the firm of Robert Craig & Son, Sheffield, which was founded by his grandfather and later carried on by his father, the late Mr. Donald Craig, F.S.A.A., J.P. He was admitted to the partnership in 1935, after qualifying in the previous year as a member both of the Institute of Chartered Accountants in England and Wales and of the Society of Incorporated Accountants.

He rendered valuable service to the Incorporated Accountants' District Society of Sheffield as a member of its Committee from 1935 to 1950. The Vice-President, Mr. W. Kirkham, F.S.A.A., represented the Society at the funeral on February 9.

Leonard Dudbridge

WE REGRET to record that Lieutenant-Colonel Leonard Dudbridge, M.C., F.S.A.A., died on February 18, at the age of sixty-two. He was senior partner in Messrs. S. J. Dudbridge & Sons, Stroud and Gloucester.

After serving his articles with the late Mr. Sidney Dudbridge, F.S.A.A., he joined the Gloucestershire Regiment in September, 1914, and was on active service until he was wounded in the summer of 1918. He then spent nine months on cost investigation work for the Ministry of Munitions before returning to civilian life and being admitted to partnership in Messrs. S. J. Dudbridge & Sons. He qualified as an Incorporated Accountant in 1920 and was advanced to Fellowship in the Society in 1923.

The funeral took place at Stroud Parish Church on February 22.

Edward Ewart Firth

WE LEARN WITH regret that Mr. E. E. Firth, A.S.A.A., Leeds, died suddenly on February 22, at the age of 54.

After twenty years in the employ of Messrs. Norman Hurtley & Co., Mr. Firth entered into partnership ten years ago in the firm of Harrison, Scott & Firth, which later became Scott, Firth & Shaw, Incorporated Accountants. He became a member of the Society in 1934.

The funeral took place at Whitkirk Church on February 25.

Classified Advertisements

Two shillings and sixpence per line (average seven words). Minimum ten shillings. Box numbers one shilling extra. Replies to Box Number advertisements should be addressed Box No. . . . , c/o ACCOUNTANCY, *Incorporated Accountants' Hall, Temple Place, Victoria Embankment. London, W.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.*

APPOINTMENTS VACANT

THE SOCIETY'S APPOINTMENTS REGISTER
Employers who have vacancies for Incorporated Accountants on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Society's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2. Tel. Temple Bar 8822.

UGANDA ELECTRICITY BOARD

APPOINTMENT OF DEPUTY CHIEF ACCOUNTANT

Applications are invited for the appointment of Deputy Chief Accountant to the Board. The commencing salary, to be decided according to qualifications and experience, will be within the scale £2,000 × £100—£2,700 per annum. Free partly-furnished housing accommodation will be provided and free medical and dental treatment for employee and family. Free passages to and from Uganda up to the equivalent of three adult passages.

The Board's Head Office is situated in Kampala which has a pleasant and healthy climate. Taxation is much lower than in the United Kingdom.

First contract will be for three years with six months leave at the end thereof on full salary. Up to 36 days local leave may be granted during the period of contract.

The successful applicant will be required to enter either the Provident or Pension Schemes of the Board which provide generous benefits.

Candidates must be Chartered, Incorporated or Certified Accountants or hold the final certificate of the Institute of Municipal Treasurers and Accountants (Incorporated). Experience in the accountancy and financial administration of electricity undertakings, particularly in connection with financing of capital expenditure and management of loans, would be regarded as additional qualifications.

The successful candidate will be required to produce a medical certificate of fitness and to sign a contract of service. A copy of this contract and other information may be obtained from the Board's London Representative, 27 Regent Street, London, S.W.1.

Application forms, obtainable from the London Representative, are to be forwarded not later than April 23, to Sir Charles Westlake, Chairman, Uganda Electricity Board, 27 Regent Street, London, S.W.1. (Envelopes to be marked "Deputy Chief Accountant" in top left corner.)

E. H. WILSON,
Secretary.

CREDITS MANAGER

The Eastern Region Development Corporation with headquarters in Enugu requires the services of a Credits Manager with recognised Accountancy or A.I.B. qualifications.

The Corporation is *inter alia* concerned with the administration of loans to establish industrial and agricultural projects. The Credits Manager will therefore have to investigate existing business and assess projected industrial or agricultural enterprises. Such enterprises will require advice in management and supervision of their method of utilising the loan. The successful candidate may be required to travel extensively in the Eastern Region.

Age 30–45. Initial salary £1,500 to £2,000, according to qualifications and experience. Provident Fund contributions employer 12½% of salary, employee 10% of salary. Outfit allowance of £80. Car allowance. Free quarters with hard furnishings. Contract for two tours of 18 months each with 16 weeks' leave on full pay after each tour; renewable. Free passages for wife and two children under 18; alternatively if children remain in U.K., allowance of £75 per child per annum.

Application forms obtainable from THE NIGERIA OFFICE, 5 Buckingham Gate, London, S.W.1. Completed forms in duplicate returnable to The Nigeria Office not later than April 8. Mark correspondence E.R.D.C.

A LEADING firm of Chartered Accountants have vacancies in their Birmingham office for young newly or partly qualified men. Box No. 129, c/o ACCOUNTANCY.

FEDERATION OF RHODESIA & NYASALAND DEPARTMENT OF TAXES: FEDERAL CIVIL SERVICE

Applications are invited from British subjects, under 32, who are Chartered/Incorporated/Certified Accountants, graduates with Accountancy as major subject, or C.I.S. finalists, for permanent, pensionable, appointments, at starting salaries between £640-£1,050, depending on qualifications and experience, on scale rising to £1,500 p.a. Career prospects are excellent, all senior appointments with salaries of up to £2,850 p.a. being filled by internal promotion. There are Tax Offices at present in Salisbury, Bulawayo, Umtali and Gwelo in Southern Rhodesia, at Ndola in Northern Rhodesia and at Blantyre in Nyasaland.

Application forms and further details from the Secretary, Rhodesia House, 429 Strand, London, W.C.2.

A COST ACCOUNTANT is required to study the application of electronic computers to business accounting problems. Some knowledge of accounting machines and electronics would be an advantage but is not essential. Salary would be according to experience. Apply quoting ref. no. 666, giving full details to Personnel Officer, ELLIOTT BROTHERS (LONDON) LTD., Borehamwood, Herts.

ACCOUNTANT (Chartered or Incorporated) required by Insurance Brokers to take charge of accountancy of their Salisbury, S. Rhodesia, Branch. Reply to: The Secretary, MUIR BEDDALL & CO. LTD., 37 Gracechurch Street, E.C.3., marked "Private."

ACCOUNTANT for Secretaryship in London of Group of Meat Companies and Bacon Curers. Trade experience not essential. Salary £1,250 with early promotion prospects. Fully experienced group and cost accounts. An active appointment in management. Write in first instance to VINEY, PRICE & GOODYEAR, Empire House, St. Martin's-le-Grand, London, E.C.1.

ACCOUNTANT wanted for British Guiana. Graduate of recognised accounting body. 5 years' minimum experience industrial and modern methods of financial cost control essential. Periodic home leave. Married man preferred. Passage paid for self and family. Box No. 130, c/o ACCOUNTANCY.

ACCOUNTANT, young, preferably qualified, for professional office in NAIROBI. Salary £840 p.a. initially, rising £60 p.a. bonus, pension and medical schemes, 4 months paid home leave. Send brief details to Box 67/2, OVERSEAS TECHNICAL SERVICE, 5 Welldon Crescent, Harrow.

BRISTOL Chartered Accountants require Qualified Senior. Apply in writing to TRIBE, CLARKE & CO., Albion Chambers, Bristol 1.

ASSISTANT ACCOUNTANT required by large Building and Civil Engineering Contractors with Head Office in Midlands. Applicants must have recognised qualifications and a minimum of 5 years experience (preferably commercial) since qualifying. Excellent opportunities for advancement. Pension and Bonus Schemes in operation. Write giving full details, with age and salary required, to the Secretary, Box S. 324, c/o STREETS, 110 Old Broad Street, E.C.2.

CASSLETON ELLIOTT & CO. have a vacancy for a recently qualified Accountant. Apply in writing to 4–6 Throgmorton Avenue, E.C.2, stating qualification, age and experience.

CHARTERED Accountants, London, with large and varied practice, require immediately qualified Accountant. Good prospects for suitable man. Full details to Box No. 123, c/o ACCOUNTANCY.

CHARTERED Accountants (City) require qualified accountant for varied work in practice of medium size. Commencing salary £700. Apply with brief particulars to Box No. 124, c/o ACCOUNTANCY.

CHARTERED OR INCORPORATED Accountants required by leading City firm, medium sized. Excellent prospects of promotion with the firm or to posts on clients' staff as opportunity arises. Pension scheme and good commencing salary. Apply with full details to Box No. 126, c/o ACCOUNTANCY.

CITY Chartered Accountants have vacancies for two first class audit clerks with 3–4 years' experience since qualifying. Commencing salary £1,000 p.a. Pension Scheme. Excellent prospects. Apply with full details to Box No. 127, c/o ACCOUNTANCY.

COMPANY Secretary/Manager required for private limited company. Knowledge of retail trade and inventory systems an advantage. Position is foremost to manage counting house, but post offers opportunity for other phases of retail enterprise, including advertising, catalogue production and property maintenance. Interesting and progressive position for capable man, aged 30 to 40 years. Write in confidence, giving full details of career, to Managing Director, THE OUTSIZE HOUSE, LTD., 5, 5a and 9 The Pavement, Clapham Common, S.W.4.

COST ACCOUNTANT: A fully qualified Cost and Works Accountant, age between 25 and 35, is required by the Gonja Development Company Limited, to take charge of the accounting staff of the Road Construction Division in the Northern Territories of the Gold Coast. Previous experience in the handling of African clerical staff would be an advantage but is not essential.

Salary will be fixed according to qualifications and experience, in the scale of £1,190 × £50—£1,440. A Provident Fund is operated to which members contribute 10%, employer 15% of salary. Contracts are normally of three years' duration, with first tour of 18 months. Applicants should be prepared to work under construction camp conditions and live in a caravan or other temporary accommodation. Married accommodation would probably not be available during the first tour. End of tour leave is granted in the U.K. at the rate of one week for each completed month of service on the Gold Coast.

Applications, with full particulars, should be addressed to CASSLETON ELLIOTT & CO., 4/6 Throgmorton Avenue, London, E.C.2.

HAMPSHIRE FIRM of Chartered Accountants require Senior Audit Clerks. Qualifications an advantage. Salary according to experience. Pension scheme. Write giving full details to Box No. 128, c/o ACCOUNTANCY.

INCORPORATED ACCOUNTANT required for old-established business in London to take charge of Accounts and Costing under the Director concerned. Age 25 to 30. Salary about £600 p.a. according to age and experience. Pension arrangements Apply Box No. 132, c/o ACCOUNTANCY.

MARKS AND SPENCER LIMITED invite applications from Chartered or Incorporated Accountants who have held appointments in commerce or industry. A good general background of experience and education is required. Special consideration will be given to those who have already had experience of administrative management. Commencing salary will be in the region of £1,000 per annum according to qualifications and experience. Please write, in the first place, for further particulars and an application form to the Staff Manager, MARKS AND SPENCER LIMITED, 82 Baker Street, London, W.1, marking the envelope "Accountant."

MEAT Importing and distributing Company requires Accountant with experience of the industry to reorganise and control trading accounts section in London Head Office. Good salary and excellent prospects. Superannuated. Write Box No. 8375, c/o WHITES LTD., 72–8 Fleet Street, E.C.4.

PROMINENT London firm of Chartered Accountants requires a Chartered or Incorporated Accountant (unmarried) for an interesting appointment in connection with their office in a British Colony (subtropical climate). The salary offered is £1,350 p.a. On completion of an initial tour of three years followed by six months paid leave, the successful applicant will have the option of joining the London office (without loss of seniority) or completing a further tour in the colony. Two weeks' local leave annually, first class passages, bonus and non contributory pension. Further details on application. Write Box S. 358, c/o STREETS, 110 Old Broad Street, E.C.2.

PROVINCIAL Accountant (Incorporated) with substantial practice in the East Midlands has a vacancy for a qualified Assistant. Please write giving full particulars and stating salary required to Box No. 125, c/o ACCOUNTANCY.

QUALIFIED Accountant aged 27–35 with practical experience in Factory costing required by Plastics Moulding Company operating in Western district of London. Commencing salary £850. Pension scheme. Write, giving full particulars of age, training, qualification and post-qualification experience, to Box "M.Z.", c/o J. W. VICKERS & Co. LTD., 7/8 Great Winchester Street, London, E.C.2.

QUALIFIED ACCOUNTANT required for post in the Middle East preferably with a knowledge of Public Works contracting and language. Good basic salary. Accommodation provided. Write 0529, WM. PORTEOUS & Co., Glasgow.

QUALIFIED ACCOUNTANTS required by the CENTRAL ELECTRICITY BOARD of the FEDERATION OF MALAYA for senior accounting posts at Board H.Q. in KUALA LUMPUR. Salaries and allowances according to scale rising to £2,100 for single men and £2,500 for married men without children. For persons recruited on the grade of Accountant, commencing emoluments will be up to £1,554 (single) and £1,911 (married without children). For persons recruited on the grade of Senior Accountant the corresponding figures are £1,687 and £2,051. Children's allowances payable in addition. Appointments will be on a three year contract (renewable) with gratuity at rate of £280 a year. Prospect of permanency and admission to non-contributory pension scheme after three years' satisfactory service. Free passages. Liberal leave on full salary. Candidates, preferably between 25 and 35 years, must hold a recognised professional accountancy qualification. Write to the CROWN AGENTS, 4 Millbank, London, S.W.1; state age, name in block letters, full qualifications and experience and quote M1B/33696/AD.

SOUTHERN RHODESIA: An experienced and qualified man to assume control under Partner of section of Secretarial and Accountancy Practice of Salisbury Chartered Accountants. Initial salary £960–£1,000 with annual increments. Free passage out. Only intending immigrants considered. Apply Box 51/10, OVERSEAS TECHNICAL SERVICE, 5 Welldon Crescent, Harrow.

SPICERS LIMITED require a qualified Accountant, age 25–30, in their Head Office Accounting Organisation. Experience in office organisation and methods is desirable but not essential. The salary to be paid will be not less than £750 per annum. Pension scheme, etc. Apply in own handwriting, with full details of experience and present salary to Personnel Adviser, SPICERS LIMITED, 19 New Bridge Street, London, E.C.4.

SPICERS LIMITED require an organisation and methods expert. The position is permanent, pensionable, and is based on London. Salary will be according to qualifications which should command not less than £1,000 per annum, and the appointment may offer opportunities at a later stage, for transfer to an executive position in the Group. Apply in own handwriting, with full details of experience and present salary to Personnel Adviser, SPICERS LIMITED, 19 New Bridge Street, London, E.C.4.

STORES Accountant for British Guiana. Member of recognised accounting body. Minimum 5 years' experience purchasing and stores accounting on large scale. Must know modern mechanised methods of stores accounting. Periodic home leave. Married man preferred. Passage paid for self and family. Good prospects. Box No. 131, c/o ACCOUNTANCY.

A LEADING MERCHANT COMPANY has a vacancy for a senior Accountant (Qualified) to act as assistant to Head of Department. The position involves preparation of periodic profit and loss accounts and other figures for management purposes in connection with purchase and marketing of produce. Some experience in exchange control, insurance and invoicing procedures also desirable. Applicants considered up to a maximum age of 35. Must be of good health and be prepared to make periodic trips to Africa. Salary according to qualifications and experience. Pension Fund. Write to Box No. 8489, c/o CHARLES BAKER & SONS LTD., 31 Budge Row, London, E.C.4.

WANTED. Experienced accountant, male or female, to take charge of accounts and cashier's department, with four assistants, in solicitors' office in Gray's Inn. Must have some experience of income tax and trust accounts. Salary by arrangement. Please write stating experience and qualifications, if any, to Box 311, REYNELLS, 44 Chancery Lane, W.C.2.

YOUNG qualified accountant required for service in Nigeria with a firm of booksellers and stationers having branches throughout the country. Initial tour 18–24 months. Some experience in a commercial office preferable; experience in audit work and stock control very desirable; experience of operating mechanised accounts an advantage. Applicant should have some church affiliation. Salary according to age and qualification in range £850–£1,080 plus Expatriation Allowance of £100 p.a. Contributory pension scheme. Free passage and housing. Outfit allowance. Apply giving details of age and experience to The Secretary, CHURCH MISSIONARY SOCIETY, (Nigeria) Bookshops, 6 Salisbury Square, London, E.C.4.

YOUNG single qualified accountant required for Agency House in Kuala Lumpur. Salary will depend on experience and will range from £1,190 for recently qualified man. Yearly increments. Free furnished accommodation, car allowance, and participation in bonus. Contributory pension scheme. Initial contract 3½ to 4 years followed by home leave on full pay. Box No. 122, c/o ACCOUNTANCY.

APPOINTMENTS REQUIRED

BRISTOL, Gloucestershire, Somerset. Adaptable and experienced A.A.C.C.A. requires position as Senior Audit Assistant, Accountant or Secretary. Box. No. 121, c/o ACCOUNTANCY.

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